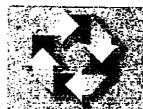
FINANCIAL TIMES

WEDNESDAY APRIL 3 1996



Lech Walesa The humble electrician



Recycling Trading trash



Fears about



FT Guide

the Internet

Bertelsmann and **CLT** aim to create

media partnership

One of the world's largest media groups, Bertelsmann, is to form a 50:50 partnership with Luxembourg-based Compagnie Luxembourgeoise de Telédiffusion, to create Europe's biggest broad-caster. Bertelsmann's chief executive Mark Wössner described the deal as a "historic milestone". The partnership, which will have sales of more than DM5bn (\$3.3bn), needs approval from the cartel authorities. Thorn in talks with Bertelsmann, Page

Advanced Micro Devices, the US microchip maker, added to the steady drip of sombre profits warnings emanating from US companies in recent weeks. The warnings have set the stage for a mixed first-quarter results season from US companies in the coming weeks. Page 17

Major to push for single currency poll: UK prime minister John Major will urge the cabinet to make a commitment on the controversial issue of a referendum on a single currency. Mr Major hopes to announce the referendum as a general election manifesto commitment. Page 16

NBC plans TV channel for computer users: US broadcasting group NBC plans to launch a number of television channels aimed at computer users in European markets. It is likely that US software company Microsoft will join the venture. Page 16

BRIW, the German motor group, warned that a new tax on company cars in Germany has hit sales of its top models by around 20 per cent. Page 17; Lex, Page 16; Income tax cut urged, Page 2

Mediator's hopes over Bosnia: The international mediator in Bosnia, Carl Bildt, said he hoped that western forces would not be needed in the region beyond 1996, but stopped short of ruling this out. Page 2; Personal view, Page 14

Juppé backs cut in working week: Mr Alain Juppe, France's centre-right prime minister, gave a warm reception to proposals from Michel Rocard, one of his Socialist predecessors, for a cut in working hours from 39 a week to 32 hours to create more

Forces support Yeltsin ceasefire pledge: Russian forces said they were sticking to president Boris Yeltsin's plan to end their offensive in Chechnya but that troop withdrawal could not start for several weeks. Belarus union pact, Page 3

GKM Joins bid for transport order: UK defence and automotive group GKN has teamed

ering companies Krauss Maffe MaK/Rheinmetall and Wegmann, to bid for the £3bn (\$4.6bn) Anglo-Franco-German battlefield transport programme. Page 3

Japan rail self-off back on course: The Japanese government appears ready to approve a long-delayed second phase of the listing of shares in the country's privatised railway network. Page 5

Former Polish leader goes back to work: Poland's former president Lech Walesa returned in style to the Gdansk shipyard to resume his old job as an electrician. He arrived in a smart grey raincoat accompanied by two bodyguards in a state-owned black Mercedes. Page 2

US leads teenage pregnancy table: The US has the highest rate of teenage pregnancies and births among the developed nations, according to a study reported by the Journal of the American Medical Association. Page 7

Dinosaur ogg proves a hit: A 100-million-year-old dinosaur egg raised 50,000 schil-lings (\$4,800) at an Easter charity auction in

Celebrities help launch Pepsi's blue look: Tennis champion Andre Agassi, flanked by models Cindy Crawford (below left) and Claudia Schiffer, helped Pepsi launch its new corporate image in London. The US soft drinks group is spending an estimated \$450m on the campaign which involves swapping its red, white and blue cans for predominantly blue ones. Page 20



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Bosnia

reconstruction



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Ministers to relax intervention fund rules ■ BSE solution still sought | Beijing to

agrees to buy surplus beef

By Caroline Southey in Luxembourg

European Union farm ministers yesterday agreed to buy surplus beef from farmers hit by a col-lapse in sales and prices because of consumer fears over "mad cow

But after two days of talks, the ministers were still struggling to reach broad agreement on how to end the two-week-old crisis. Talks were focused on measures mapped out on Monday aimed at eradicating BSE, or mad cow disease, and restoring consumer confidence in beef.

A Commission official said the ministers were determined to avoid a breakdown in the talks and predicted that the suggestions tabled overnight would not

be changed substantially. The proposed measures include keeping meat from UK cattle over 30 months old out of the food chain, an EU pledge to provide 70 per cent of the compensation for slaughtered animals and a commitment from the UK to present a selective slaughter plan.

separating without agreement on the only priority, and that is getting rid of consumer doubts," said Mr Philippe Vasseur, the French agriculture minister But divisions remained over how much detail the agreement should contain. Some ministers

"We are not leaving here or

remained unhappy that Britain had not yet committed itself to a selective slaughtering campaign to target herds affected by BSE. Mr Jochen Borchert, the German agriculture minister, said that as long as Britain failed to make clear commitments to a selective slaughtering campaign, Germany would continue to oppose lifting the ban on UK beef

Mr Willy Molterer, the Austrian agriculture minister, said the package of measures was "unthinkable" because it did not seriously address measures to reduce the threat of BSE, including a programme of selective slaughtering.
Although Mr Douglas Hogg,

the British minister, continued to press for an early end to the worldwide ban in British beef, a Commission official said a majority of ministers wanted the ban lifted only after a decision by the Council of Ministers. "Legally

but politically it does," he said. The agriculture ministers agreed to ease the EU's rules gov-

erning the sale of beef into EU

intervention stores by dispensing with the normal two-week monitoring period and raising the eligible carcass weight from 340 kgs All EU farmers will be eligible to sell a total of 50,000 tonnes of beef from young bulls and steers into the EU's intervention system

during April. Farmers will be allowed to offer the meat to the EU's intervention board under competitive tender. "Anybody who thinks he has a problem can offer meat into intervention. Those offering the

lowest prices will be bought in,"

a Commission official said.

Germany and Belgium voted against the measure. Germany had pressed for a fixed intervention price, arguing that the tendering process favoured British beef producers because prices had fallen so steeply in the UK. Mr Borchert said he would

demand clear guidance on what would be done with the British beef bought into intervention as a precondition for Germany's approval for an end to the worldwide export ban on British beef.

The terms of the deal under discussion would commit the EU to meeting 70 per cent of the cost of taking animals out of the food chain. The British government would have to meet the cost of destroying the animals.

Cow-fired power, Page 8

Road to monetary union will be bumpy says EMI

By Andrew Fisher and Peter Norman in Frankfurt

Progress towards monetary union would be "a bumpy road" Mr Alexandre Lamfalussy, head of the European Monetary Institute, warned yesterday. But there was a "reasonably high probability" that it could start on time in "In economic matters, there are

no certainties," said the president of the forerunner of the planned European central bank when asked if he believed the date could be met.

Mr Lamfalussy was speaking after the launch of the second annual report by the EMI, set up in 1994 to prepare for Emu and monitor countries' performance towards meeting the convergence criteria laid down in the Maastricht Treaty.

His hopes that Emu could start on schedule contrast with the growing view in political, banking and industrial circles that postponement might be necessary as countries grapple with economic and budget problems. Apart from Luxembourg, no European Union member meets all the criteria, although the final ssment will be taken on the

basis of 1997 economic data in two years' time. In the report, Mr Lamfalussy

cited progress on a common monetary policy, payments systems and arrangements for switching to the single currency. But he repeated the EMI's view that countries still needed to do more, especially in curbing fiscal policles, to meet the criteria. He said Emu could start on

time if countries did not use the current economic slowdown as an excuse to delay action to control budgets. He was pleased that governments and the public were more aware of the need to bring social security and other spend-ing under control. But the actual implementation of necessary polices was "still a source of very

very serious concern".

The report stressed that governments still had much to do. last year's overall public sector deficit in the EU was 4.7 per cent of gross domestic product and most states were well above the Masstricht ceiling of 3 per cent.

It said action to bring budgets under control should be taken at once rather than incrementally "A strategy of too-gradual improvements in fiscal policies stretched over a longer period of time risks failing to gain credibility."

The report said only firm action would allow public finances to take advantage of an expected growth revival and meet the convergence criteria.
The year 1996 will be of crucial



provide further signs of recovery

The US index of leading indicators registered its largest gain in 20 years in February, providing further evidence of economic recovery, according to figures released yesterday.

Separate data from the Commerce Department showed the economy grew at an annual rate of only 0.5 per cent in the final quarter of last year, rather than 1.9 per cent as stated previously. However, the downward revi-

sion partly reflected companies' success in reducing unwanted inventories of goods - a factor that could support a rebound in growth this spring.
On Wall Street, the stronger tone of recent economic data has

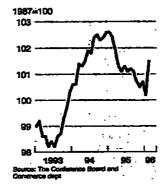
all but eliminated hopes of further cuts in short-term interest rates. Far from fearing recession, some economists are now predicting growth could rise to an annual rate of 3 per cent this summer, above the economy's long-term potential If growth does accelerate after

eral Reserve could face renewed pressure to raise interest rates. The Conference Board, a New York business analysis group, said the leading index rose 1.3 per cent in February, following a decline of 0.5 per cent in January. The index is designed to give advance warning of changes in

The jump in the index was Continued on Page 16 related to the surge in payroll Old themes, new money, Page 2 | employment and hours worked,

CONTENTS

Foreign Exchanges



previously reported by the Labour Department. A lengthening of the average factory working week accounted for 0.8 points of the total 1.3 per cent gain in the index. The second biggest higher share prices.

The revisions to gross domestic product showed the economy nearly stalled at the end of last year, after growing at an annual rate of 3.6 per cent in the third quarter. Growth for 1995 as a whole was 2 per cent, the slowest since 1991, a recession year.

The lower estimate of fourthquarter growth reflected downward revisions to inventories and business capital spending and a higher estimate of import growth. This was partly offset by an upward revision in consumer spending growth to an annual rate of 1.2 per cent from 0.8 per

Most economists expect a sluggish first quarter after severe weather in January and other distortions.

Israel and Qatar yesterday agreed to set up trade missions in each other's countries under

lows the first ever visit by an Israeli prime minister to the Gulf Arab state. Mr Shimon Peres (centre) yes-

terday received a red carpet welcome and an honour guard from

Oatar's emir. Skeikh Hamad bin Khalifa al-Thani.

The focus of talks between the two leaders was on Middle East peace. Israel has no diplomatic ties with any of the Gulf states, but Mr Peres said a diplomat would head the Israeli commercial office in Qatar to look after his country's economic interests.

Middle East news, Page 5

corruption scandal

Beijing prosecutors are set to file charges against 18 people alleg-edly linked to a Yn18.3bn (\$2.2bn) corruption scandal involving a former vice-mayor who commit-

ted suicide last year. The scandal is China's biggest since an anti-corruption drive in August 1993 and is proving a severe embarrassment to the Communist party. Foreign busi-nesses involved in property development and other activities in Beijing may also be caught up in the affair.

Mr Wang Baosan, the former vice-mayor, oversaw planning procedures in the capital which is undergoing a sweeping redevelopment funded partly by overseas interests.

Mr He Fangba, chief prosecutor of the Beijing supreme court, said those to be charged were involved in 17 cases of corruption. He gave no details, but the scale of the case means it will be difficult for the authorities to sweep it under the carpet. Initially, the Beijing municipality had said Mr Wang had misappropriated \$37m, a fraction of the present figure.

Mr Chen Xitong, the former party boss of the Beijing municipality, is also under investigation. He was sacked last year fol-lowing the death of Mr Wang, a long-time associate. Chinese media have not yet

published the amount of money allegedly embezzled, but the figure was revealed at a weekend and reported in the Hong Kongbased Ta Kung Pao newspaper. Mr Chen, who was a member of

the ruling politburo, has not been seen since his sacking, but pressure appears to be building for his prosecution. If he is brought to court, he would become the most senior official to face criminal charges for "economic

The official Beijing Daily reported yesterday that both Mr Chen and Mr Wang were accused during meetings of hiding large sums of money, providing unauthorised loans to friends and

Continued on Page 16 Import tax cloud, Page 4

£184.5 million

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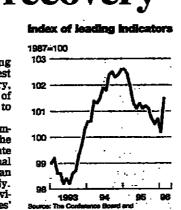
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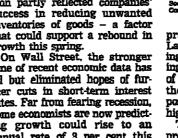
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sluggish first quarter, the Fedeconomic activity six to nine months ahead. However, many

economists regard it as a gauge of current economic conditions.

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Rocky times at the cradle of freedom

Lech Walesa went back to his old job only to find a Polish shipyard at odds with a government of former communists

style vesterday to Gdansk to resume his old job as an electrician. Dressed in a smart raincoat and accompanied by two bodyguards, his state-owned black Mercedes swept into a shipyard teetering on

the brink of bankruptcy.
His first duty was early morning coffee and biscuits with Father Jankowski, the shipyard chaplain and Mr Richard Goluch, the managing director. Then, after a quick press conference, he went off for a medical whose results will have to be checked before he actually picks up his tools and starts work, certainly not

The yard became a symbol of resistance to Soviet-style com-munism in 1980 after an 18-day strike forced the communist government to recognise the right to form free trade unions. That agreement gave birth to the 10m strong Solidarity movement, an anti-communist coalition of workers, intellectuals and catholic priests.

But the yards' politically important past was not enough to save it from the bitter winds of free market competition. On the contrary, the yard failed to take tough action to raise productivity partly because employees and management alike believed that this glorious past somehow insulated the yard from market disci-

Mr Walesa demonstrated that he was still prepared to

Income tax

cut urged

by BMW

chairman

r Lech Walesa, foster such illusions when told the press yesterday he would be seeking investors for the yard on a forthcoming lecture tour to the US. "I shall be telling them that our shipyard -the cradle of Polish freedom is in trouble," he said. Sitting beside him was Mr

Goluch, managing director in the 1980s, who was brought back recently to try to revive the yard. Beaming, he too said media attention on its most lamous employee would raise the yard's profile and belo it win the support it needs to sur-

But yesterday Mr Walesa made clear his interest in returning to a job mending electric carts was transitory. His wage will be around 600 zlotys (\$230) a month - half that of the security men who guard him and 400 zlotys short of his monthly electricity and

heating bills.
"I shall remain tied to the yard till the end of my life," he declared. But he admitted that he would leave his job as soon as parliament voted him the pension he argues is due to him. In the meantime he plans to take one day a week off for political activities and two lecture trips to the US are sched-

The media interest in the former president contrasted with an apparent lack of interest among his 7,300 fellow workers who last week voted to accept a restructuring plan which would see the disappearance of around 2,000 jobs and the sale



Walesa at his workbench yesterday. He is on half the pay of his bodyguards - until his president's pension comes through

"All we're interested in is working," said one worker. "We'll wait and see what Walesa can achieve for us," muttered a fitter who had worked at the yard for 32 years.

Yesterday the government, which owns 60 per cent of the yard, advertised it was ready to sell more than 10 per cent to strategic investors. Mr Wieslaw Kaczmarek, the privatisation minister, said he had had at least two offers. One appears to be from Daewoo. The South Korean industrial conglomerate is floating the idea that it would invest in a holding company to include the more modern Gdynia yard 20 miles along the coast and Szczecin near the German frontier, which has in contrast to Gdansk - successfully restructured its

finances and organisation. The plan also appears to include the Czestochowa steel

mill, whose 40 per cent rise in prices last year, has contributed to the industry's problems and the Cegielski engineering works which produces ships engines. But the yard still has to deal with the heritage of the past, including its accumulated debt of 417.5m zlotys (\$167m) at the end of last year.

ast problems included difficulties in switching from supplying the ing western clients after 1989 and overcoming a gap in the yard's order book which appeared when the government decided to close the yard in 1988. This decision was rescinded but the Solidarity-led management which followed the fall of communism failed to discipline the workforce or streamline the yard's organisa-tion and signed a series of loss-

making contracts The new management was expecting profits last year but an unexpectedly strong zloty contributed to an 88m zloty net loss. Delays which plagued the yard in the past continue to do so, increasing the cost of the five ships currently under construction and the 16 on order. A new business strategy

recently prepared by consul-tants for the yard which forecast significant profits at the turn of the century if support was forthcoming was dismissed as wildly unrealistic by Bank Handlowy, the yard's largest creditor with an exposure of around 300m zlotys. The bank, which has 60 per

cent treasury guarantees on much of its lending to the yard, last month rejected a plea for a debt reduction deal which would have cost more than it would have lost if the

vard reneged on its debt. It was this decision which brought the current crisis to a head. The search for a solution continues with foreign ship Schoeller, the head of Columbia, a Cyprus-based company which has contracts to build six ships at Gdansk anxiously watching developments. "They are first rate ships." Mr Schoeller says, echoing other Gdansk clients like the East Asiatic Company from Den-mark. "I think the government

But that is not the policy of Poland's government of former communists, which is committed to persevering with market reforms, opposes subsidies - and is no friend of Mr Walesa.

should support the yard, after

all every other government

Christopher Bobinski

By Wolfgang Münchau in Munich

Mr Bernd Pischetsrieder. chairman of BMW, yesterday urged the German government to raise value added tax and

cut income tax. His call come a day after the chairman of Dresdner Bank attacked the government's high tax policies, and highlight growing discontent among businesses about the high costs of production in Germany and the government's failure to combat rising unemployment and falling economic

At BMWs annual news conference, Mr Pischetsrieder said: "We have for years pursued a policy which saw direct taxes as something of particular moral quality. Indirect taxes on the other hand seemed to be tarred with the mark of evil.

"An increase in value added tax and a cut in income tax would reduce the cost of production of goods and services in Germany. This would have a favourable effect on the costs situation for industry."

Germany's VAT rate is 15 services, compared with an EU average of 19 per cent. A rise in VAT would affect the price of cars to private buyers, but other manufacturers have said such a move would have no effect on competition as all vehicle makers would be

Chancellor Helmut Kohl said recently he remained firmly opposed to a rise in VAT during this parliamentary term. tion of the finance ministry and the Free Democrats, the junior partner in the Bonn

Mr Horst Teltschik, a former adviser to Chancellor Kohl who joined BMW's board three years ago, sat silently when Mr Pischetsrieder launched his broadside on government tax policy. Mr Pischetsrieder also joined

other German manufacturers in criticising the new tax on company cars, which is based on the value of the car. He said luxury cars had pioneered many technologies, such as the catalytic converter and the airbag, and accused the govern-ment of trying to "fan the flames of the old dialogue of

The increasingly blunt comments from business are unusual, as German companies have traditionally left political lobbying to the industry federations. But the federations have lost much of their effectiveness because of internal

Themes ancient and modern in contest to design Europe's common banknotes

While sceptics and enthusiasts dispute over currency union, traditionalists and modernists can now begin to argue about what the new money should The European Monetary

Institute - forerunner to the European central bank - gave details yesterday of what would appear on the new notes, how they would be made forgery-proof and how they could be recognised by the blind and partially sighted. Still to be decided, the EMI

says in its annual report. is whether the notes will be the same for all participating countries. One option - which might help ease some scentics' fears of loss of national iden-- is to have a limited national feature occupying no more than 20 per cent of one

The notes will have an element of lunguistic harmony by including the initials of the European central bank in five variations - ECB, BCE, EZB, EKT, EKP - which fit the 11 European Union languages, The "12 stars" EU symbol will also be printed.

It is in the designs for the

By Nancy Dunne in Washington and Bruce Cl

Mr Carl Bildt, the international

mediator in Bosnia, said yes-

terday he hoped that western

forces would not be needed in

the region beyond 1996, but

stopped short of ruling this

Asked whether he saw the

need for military forces in Bos-

nia beyond this year, he said: "Not necessarily." He added, however, that he hoped a con-

tinued deployment would not

be necessary, because the local

parties should be taking more

responsibility.
"I would wish that we might

be in a situation at the end of

the year when we would not require the presence of mili-tary forces," he said. "The

presence of a large number of

foreign forces has an impact on

a society which is not necessar-

ily good in the longer term," he

said in Washington, where he

is lobbying for maximum sup-port for Bosnian reconstruc-

tion ahead of a donors' confer-

He said the problems now

faced by the peace process -

ence in Brussels on April 12.

Countries' performance on three Emu criteria						
	Inflation %	Budget deficit (or surplus) as % of GDP	Gross debt as %ege of GDP			
Belgium	1.4	-4.5	134.4			
Denmark	2.3	-2.0°	73.6			
Germany	1.6	-2.9*	58.8*			
Greece	9.0	-9.3	114.4			
Spain	4.7	-5.9	64.8			
France	1,7	-5.0	51.5°			
Ireiand	2.4	-2.7*	85.9			
italy	5.4	-7.4	124.9			
Luxembourg	1.9	0.4*	6.3*			
Netherlands	1.1	-3.1	78.4			
Austria	2.0	-5.5	68.0			
Portugal	3.8	-5.4	70.5			
Finland	1.0	-5.4	63.2			
Sweden	2.9	-7.0	81.4			
United Kingdom	3.0	-5.1	52.5*			
Total EU	3.0	-4.7	71.0			

Inflation: No more than 1.5 percentage points above the average of the best three countries. Dehcit. No more than 3 per cent of GDP.

Total debt: No more than 60 per cent of GDP.

notes that scope for disagree—are planned to be in circulation ment between lovers of the traditional and proponents of the

The EMI launched a competition in February for the design of the seven banknotes, which

Bosnia nee'ls political

solution, says mediator

and reconciliation - were all political tasks, not military

ones and "political problems

must be solved by political

ficulties to resolve ahead of

elections, including a lack of

Mr Ron Brown, the US com-

merce secretary, arrives in

Bosnia today, accompanied by

15 US business executives who

In a rare show of co-opera-

tion with the administration

over Balkan policy, the US

approved \$198m for Bosnian

relief for 1996, only \$2m less

The aid package agreed by Congress includes \$65m for

early disbursement to small

and medium-sized Bosnian

businesses and \$30m for infra-

structure projects. The assis-

tance will be concentrated in

Tuzla, Zvornik and other

regions where US soldiers are

The US executives are con-

cerned that European compa-

nies have a head start in bid-

ding for reconstruction

reconstruction, reintegration contracts to be awarded over seemed two weeks ago, he said.

are interested in reconstruc-

telecommunications.

tion contracts.

than requested.

stationed.

He said there still major dif-

in the seven-month contest. banknote designers nominated by the 15 existing central banks will try to ensure that the appearance of the new

the next three to four years.

"The US delivered the peace,

and the French are going to

sell the goods." said Mr Joseph Grandmaison, head of the US Trade and Development

Agency, who accused the Euro-

peans of "cherry-picking" the

best projects.
"You will have to decide if

any piece of the pie will be

available for Americans," Mr

Grandmaison told business

representatives in Washington.

tive accompanying Mr Brown,

said US business had learned

from its experience after the

Gulf War. Europeans and Japa-

nese had received the lion's

share of Kuwaiti reconstruc-

the spot.

tion because they were first on

British army units guided in

UK business delegations at the

Mr Brown said Bosnian and

Croatian officials had been

pressing for the US mission,

and he may have deals to

announce. He added that Boeing was "back at the table" in

the bidding to supply civil air-

craft to Croatia - the sale of 18

European Airbus aircraft may

no longer be the "done deal" it

close of the war, he said.

Mr John Sullivan, an execu-

There is good and bad news on Europe's progress towards fulfilling the Maastricht criteria for economic and monetary union, Mr Alexandre Lamfalussy, the president of the European Monetary Institute, said yesterday, writes Peter Norman in Frankfurt In all probability, there had

been a "major change" towards convergence of inflation rates at a low level, he said. But fiscal and budgetary positions had deteriorated, with recent figures putting Germany's 1995 public sector deficit at about 3.5 per cent of GDP.

EU member states will have to meet other conditions before starting Emu, including adequate convergence of long-term interest rates, implementation of national central bank independence and a demonstration of exchange rate stability.

banknotes is more interesting than the currency's bland name - the euro - which will The EMI is calling for designs for seven banknotes for 5, 10, 20, 50, 100, 200 and 500 possible themes: ages and styles of Europe or an abstract/ modern design. Yesterday, it said the traditional subjects would cover stages of European cultural history - Classical, Romanesque, Gothic, Renaissance, Baroque and Rococo, the age of iron and glass architecture, and modern 20th century architecture.

The abstract theme would have a modern design showing abstract or figurative elements. The Bundesbank has asked three professional designers to submit proposals, leaving the choice of ancient or modern up

Efforts are being made to ensure that blind and partially sighted people can use the Euro banknotes easily. Each denomination will be a different size and a different dominant colour, will show clearly visible numbers in the same position on all notes and be recognisable by touch.

The notes will also have advanced security features to make them at least as forgeryproof as existing currency. These will include watermarks cial printing techniques such as optically variable ink.

Election freeze on Italian jobs

Several key Italian public sector banking and business appointments have been post-poned in the run-up to the general election on April 21.

The appointments had become highly sensitive, with the right-wing alliance headed by former premier Silvio Ber-lusconi accusing the government of Mr Lamberto Dini of abusing its caretaker mandate. The most important appoint-

ment was that of Mr Franco Bernabe, chief executive of Eni, the state oil company. This has been put back for 45 days.
The Dini government will almost certainly still be in

office then; but the election result should provide some idea of the complexion of the next administration to help in the choice. The rightwing National Alliance of Mr Gianfranco Pini,

Mr Berlusconi's principal partner, has been gunning for Mr Bernabe to control the oil group's considerable patronage, especially in the south.
The other important appointment concerns that of

Mr Mario Sarcinelli, the chair-

Lavoro (BNL), the most impor-tant bank left in state hands. A decision here will not be necessary until June when the new government should be Mr Dini has been attempting

to continue with as much gov-ernment business as possible. But he has faced growing criticism for using his position as premier to further his own political ambitions at the head of his newly formed party. Italian Renewal. While some of the criticism appears justi-fied, he is also facing a scurrilous campaign to undermine his credibility.

Yesterday Mr Fulvio Dami-ani, his party spokesman, listed a series of dirty tricks. These included: formation of a spurious rival party by one Mr Mariano Dini immitating his symbol; local newspapers publishing advertisements with false addresses and telephone numbers for his party; publication of a take web site on the Internet by Il Giornale, the daily owned by Mr Paolo Berlusconi, the younger brother of Silvio and a false announceTirana backed on

EUROPEAN NEWS DIGEST

war games zone

The United States will support Albania's plans for a military training area open to Nato members and Partnership for Peace countries, Mr William Perry, the US defence secretary, said after bilateral talks yesterday.

Mr Perry, on a three-day visit to Albania to attend a South Balkans defence ministers' conference, said the US had no plans to establish its own base in the country. No commitment of American financial support for a training facility has been confirmed but according to US officials an assessment is

US-Albanian military ties have grown stronger since 1991, when Albania began democratic reforms. Last year the US sponsored nine joint and multilateral training exercises in

Another peacekeeping exercise is planned for July. In addition to \$3.5m allocated this year to Albania through Warsaw Initiative Funds, the US, said Mr Perry, has contributed more than \$2m for military equipment and has contributed other surplus military equipment.

West European truck sales soar

Sales of commercial vehicles and trucks weighing more than 5.1 tonnes jumped by 19.5 per cent to 255,387 units last year, according to provisional figures from the European Automobile Manufacturers' Association (ACEA). ACEA, which produces the monthly European car sales

statistics and has just turned its hand to commercial vehicles, warned the figures were subject to alteration, as many European countries were very slow in publishing data on commercial vehicles. ACEA's data covers the European Union, Vorway and Switzerland, but excludes Greece.

Sales of trucks weighing more than 12 tonnes, seen as a good forward indicator of economic growth, rose particularly strongly last year, with a 26 per cent leap to 183,172 units. Truckmakers have warned that sales this year are likely to rise much more slowly, with some warning that the market

German pay-TV for Uefa game

The German television channel, Premiere, with only 1.15m customers, has caused controversy after its decision yesterday to introduce subscription TV for the return leg of the Barcelona against Bayern Munich Uefa cup football semi-final

The first leg of the semi-final was at Bayern's Olympiastadion. Up to 10m viewers are expected to watch the match – that was the number of viewers for Saturday's Bayern Munich and Borussia Dortmund game. "Millions are excluded for not having a decoder. That is not fair," said German football federation president, Mr Egidius Braun. Bayern Munich's general manager, Mr Uli Hoeness, was also unhappy such a large number of spectators would not be able to tune in. However the head of Premiere's sports service was adamant it was right for the station to start with an important

Bankruptcies slow in France

The number of corporate bankruptcies in France rose 1 per cent in October 1995 to 4,487, from 4,427 a year earlier, the national statistics bureau, Insee, reported yesterday. But for the 12-month period through October bankruptcies fell 6.5 per cent from the comparable 1994 period, to 53.586. October bankruptcies also fell 1.5 per cent from 4.556 in September

Compared with a year earlier, the number of bankruptcies in October declined in most business sectors except for construction and non-food wholesaling, and was stable in the hotel and services sectors

Insee also reported that French retailers in March are less pessimistic than they have been in past months and expect to increase their orders. The exception to the rosier outlook comes among retailers in the transport sector. On Monday, Insee published a survey showing that wholesalers also were less pessimistic about the future and planned to increase their

Swedish deficit set to increase

weden's public sector debot for the 12 months to December 1996 will total SKr198.3bn (\$30bn), the national audit bureau (RRV) said yesterday, some SKr17bn kronor higher than the last estimate, set at SKr181bn by the bureau in December. The increase is due to interest on the state debt, RRV said. The interest is calculated at SKr120.4bn based on March 20 rates, an increase of SKr15.4bn from December.

When the Swedish government presented its revised budget to parliament last April, it predicted a deficit of SKr213.6bn. The current fiscal period, running from July 1 1995 to December 30 1996, is transitional as the Swedish public sector goes over to calendar year calculation.

Dutch to limit cannabis sales

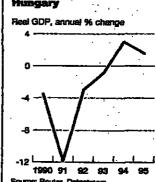
The main parties in the Dutch parliament agreed yesterday to cut the amount of cannabis sold to customers in the nation's coffee shops from 30g to 5g. The parliamentary decision is the first step towards new

measures further limiting the country's sales of soft drugs that have angered its European neighbours. It has not been decided when the new limit will go into effect. The lower allowance would make it harder for small-time drug traffickers to amass saleable quantities of drugs through over-the-counter purchases in the Netherlands.

Both hard and soft drugs are officially illegal, but small-scale sales and purchases are not prosecuted, with authorities devoting their resources to pursuing large-scale traffickers. France and Germany contend that the availability of soft drugs in the hundreds of coffee shops attracts drug tourists who smuggle their purchases back to their home

ECONOMIC WATCH

Hungary registers 1.5% growth



product rose by 1.5 per cent last year, down from 8 per cent in 1994, according to preliminary figures released yesterday by the central statistical office. Growth was led by exports which rose by 15-16 per cent in real terms while imports remained close to 1994 levels. The CSO said total GDP was around Ft5.500bn (\$4.300 per capita). around a third of the level in neighbouring Austria. However, this amounted to about \$7,000 per capita in purchasing power parity. The growth figure is below

government and central bank estimates of a 2 per cent rise in GDP last year, far lower than rates of 5-7 per cent recorded in most other former Communist countries in the region. The modest upturn is attributed to a tough austerity package, brought in a year ago, which included cuts in welfare

payments.
The CSO said the cuts had contributed to a fall of about 6 per cent in average real incomes while real wages had fallen by 10-12 per cent. Virginia Marsh, Budapest

■ Consumer prices in the EU rose 2.7 per cent in February from a year earlier, compared with a 2.8 per cent rise year-on-year in January, Eurostat said.

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more than four years ago. The two leaders urged other for-

mer Soviet republics to join

"A historic moment has

arrived in relations between

the Russian Federation and

Belarus." Mr Yeltsin said

before retiring with his Bela-

the new union.

THE FENANCIAL TIMES

By Chrystia Freeland

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Boris Yeltsin beside a Kremlin guard dressed in a redesigned uniform after the signing of the treaty with Belarus yesterday

rusian counterpart to celebrate the deal with vodka. "This document opens a qualitatively new stage in the history of our two brotherly peo-

laced with references to both Imperial Russia and the Soviet Union – could provoke fears in the west and independentlyminded neighbouring conntries such as Ukraine that Moscow intends to rebuild its

Alexei II, patriarch of the Russian Orthodox Church which was for centuries closely associated with the

the "sacred cause". Even the shorthand name of the new union - SSR (the Russian acronym for "Community of Sovereign States") – was a self-conscious allusion to SSSR, the Russian version of USSR.

Both presidents insisted that the new union would not diminish the sovereignty of their two Slavic states, but it provoked an immediate pro-test in Minsk, the capital of normally quiescent Belarus. Some 10,000 demonstrators marched through the city centre to denomice the pact. Previous attempts to reunite

authorities started to calculate the costs of absorbing their impoverished neighbour. Some observers speculated yesterday that this new treaty, which calls for eventual mone-

> Mr Yeltsin, whose sights are firmly set on the forthcoming presidential battle, is unlikely to be troubled by such long-term concerns.

tary union, could face a simi-

to feel vindicated by the latest opinion polls which suggest that suggest his attempt to co-opt the political and eco-Kremlin's imperial achieve- Russia and Belarus have nomic agenda of the Commu-

released yesterday showed Mr Yeltsin's approval rating at 21 per cent, up from 15 per cent at the beginning of March.

However, Mr Gennady Zyu-ganov, the Communist candidate, was still in the lead, with 27 per cent support. This was cent showing at the start of

Mr Yeltsin's shift towards a more openly expansionist policy could create a political dilemma for western leaders, who fear a resurgence of Russian imperialism, but also hope that Mr Yelisin wins in

Yeltsin signs Belarus union pact Country that wants to be loved by Russia

hree times this century. Belarus turned into a killing field. Both wars claimed millions of lives and Stalin's purge claimed the small local intelligentsia, From then on Soviet orthodoxy took firm root

Today the scars run deep, exposing a fatalism and passivity in the country of 10.7m that served to curb the national revival and broad commitment to change which characterised the post-1991 era for its neighbours, all located near the geographical centre of Europe.

As Lithuania and Poland hanker to join the European Union and Ukraine works to strengthen its sovereignty, Belarus yesterday took anothe sten back towards Russia the imperial power for the past

The countries' two leaders signed a treaty establishing a Community of Sovereign Republics and promising ever deeper reintegration.

President Boris Yeltsin, running in a tough electoral race, needs the deal to court Russian voters saddened by their nation's lost prestige following the Soviet collapse.

His Belarusian counterpart, Mr Alexander Lukashenko. always argued that reforged links with Russia are preferable to any painful economic overhaul. Minsk already depends on cheap energy imports and hopes the doors to Russia's large market again

when negotiations on a common currency ought to begin. Belarus and Russia would each contribute 3 per cent of the annual budgets to a single pot to fund new capital and military projects, said Mr Valery Tsepkalo, the Belarusian dep-

uty foreign minister. Under the treaty, the countries would stay independent, but Mr Lukashenko does not shy away from calling for an outright confederation.

From the Russian perspective, the economic argument for union must make limited sense. In the past two years, Russia has refused to throw Belarus a financial lifebelt, scrapping a currency union deal in 1994 and slowly raising subsidised gas export prices.

fficials in Minsk might expect Russian industrial giants to revive the commercial activities that gave Belarus the highest living standards in the Soviet Union. but these concerns are mostly privatised and unwilling to turn the clock back.

Unlike his Russian peers, Mr Lukashenko remains strongly committed to a command economy: last year strict foreign currency regulations were reimposed and privatisation was halted. The president last week got a budget through parliament with a fiscal deficit above 6 per cent, impossible to finance without a large jump in inflation. Since February, new private businesses have not been allowed to register. The International Monetary

Belarus's \$300m stand-by facility. Even without the latest deal, Russia's interests in Belarus were secure.

Russian customs officials police the western Belarusian border with Poland and Moscow's troops remain where they were in 1991. Gazprom, the semi-private gas monopoly, owns a bulk of Belarus's energy infrastructure and soon plans to finish a new pipeline

across its territory.

Mr Stanislau Bohdankebich a former national bank chairman whose liberal Civic Union party holds 20 of the 197 seats in parliament, called the union treaty "an ordinary bluff" since Russia would not spend precious hard currency to prop

The Belarusian president's motives tend to haffle outsiders. After he took office in 1994, newly published Belarusian school books were replaced with the old Soviet history and language texts. The country's limited democracy also raises outside concern. The opposition has little access to the media and no independent tele-

vision news is shown. The US State Department's annual human rights report said that Belarus had "turned back towards Soviet-era authoritarian practices".

Few Belarusians speak their own language and most schools continue to teach only

Belarus, unlike other eastern European nations, has never developed an independent iden tity - and the current president and his supporters appear

Juppé welcomes Socialist predecessor's jobs plan

Mr Alain Juppé, France's study his proposal for varying payday gave a warm reception to proposals from one of his Socialist predecessors for a radical cut in working hours to create more jobs,

centre-right prime minister, yester- roll deductions in proportion to the

Reuter reports from Paris. Mr Juppe took the unusual step of office and instructing the governreduction in the working week from the current 39 hours to a future 32

Mr Rocard argues that the cost of the measure could be met by the saving on welfare benefits to the receiving Mr Michel Rocard at his state from a substantial reduction in

said the prime minister was "very attentive to all those who have imaginative ideas for adapting or reducing working hours", and had ordered a detailed cost-benefit study of the measure within six weeks.

Mr Juppe reiterated in an inter-

ary. An official close to Mr Juppé the middle of this year if bosses and unions did not agree some change in the working week based on their own discussions.

"If there is nothing else happening, we will try to come up with an intelligent text which is as balanced

as possible." state from a substantial reduction in view with the weekly Catholic maga-unemployment, which stood at 11.8 zine, La Croix, that the government ness leaders had agreed such pacts,

well as employees: "It's a pity that this spirit has not spread wider." Mr Rocard, regarded as being on the rightwing of the Socialist party. reacted angrily when asked by reporters whether he was not playing into the government's hands

by acting as a consultant to Mr

Juppė. "Do you believe that (politi-cal) orthodoxy means we should kill

The treaty envisages a com- Fund, which last month

a citizen of my country and I want it to get better," he exclaimed.

Mr Rocard said the Socialists, who in government in 1981-86 and 1988-93, had taken time to find a way of financing reductions in working hours by compensating loss of earnings with money saved by the state each other and never meet? I don't if unemployment fell massively.

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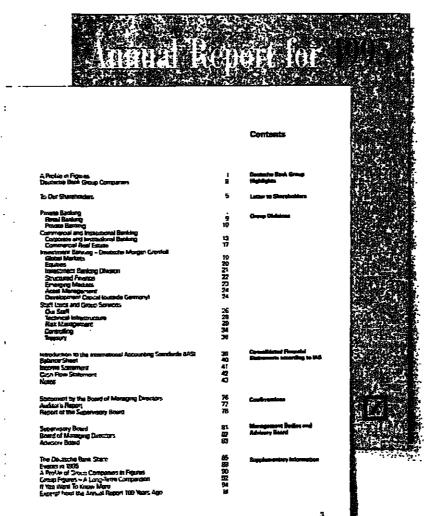
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Import tax cloud over China projects Mitsubishi plans to buy

Foreign investors who have been scrambling for project approvals in China still face uncertainty over the rules imposing duties on imports of capital equipment from this

investors complain about lack of transparency and have warned that the removal, from April 1, of the tax exemption on imports of plant and equipment may jeopardise new projects, including those involving automotive groups General Motors and Mercedes-Benz.

"It's kind of exasperating they haven't published the reg-ulations," said Ms Anne Stev-enson Yang of the US-China Business Council. "But it's clear they want to leave themselves some wiggle room by

Ms Stevenson Yang attributed the delay in publication of regulations to continuing discussion within the bureaucracy about criteria for projects which might be eligible for special consideration.

When it announced the decision to remove tax exemptions on equipment imports for foreign-funded ventures. China said exceptions would be made, but these would have to be large projects and final deci-sion would rest with State Council, or cabinet.

Consideration will almost certainly be given to exempting \$1bn projects involving GM and Mercedes. BASP, which is planning a \$4bn petrochemical complex on the Yangtze, west of Shanghai, could also get spe-But these large investors

Barbados: keyed in

Number of jobs in information services sector (*000)

exempt and this is adding uncertainty to feasibility

GM, Mercedes and BASF, all of which are in the feasibility phase, had not secured approval for their projects by

the April 1 deadline. The US-China Business Council estimates the imposition of 40 per cent duty on capital equipment imports could increase the cost of a typical investment by 25 per cent. The decision to remove the

exemption follows pressure from Chinese state-owned companies, which argue the relief gives foreign joint ventures an unfair competitive advantage. The central government also saw the move as a way to China had ruled that projects

approved before April 1 would

be entitled to exemption. But ect," said Mr Rudy Schlais, the the central government is executive heading GM's plans. the central government is "It will not be advantageous insisting it "re-approve" hundreds of projects authorised by for the project, but we are in local governments in a rush of China for the long term." activity before the April 1

This suggests the centre is unhappy about vetting procedures by provinces and municipalities which are authorised to approve projects up to \$30m.

The potential impact of the new rules is greatest in the motor industry, with GM plan-ning to build an "upscale" medium-sized passenger car and Mercedes-Benz a multipurpose "people-carrier".

These projects would rely heavily on imported capital goods, such as sophisticated metal presses, machine tools and robots.

"We are not in a position to say if it would break the projeast German CD maker By Frederick Studemann

According to Mr Ivo Maull, the manager leading Mercedes Mitsubishi, the Japanese Benz's China investment, the project would face a serious industrial group, is negotiating risk of collapse if import duty to buy Compact Disc Albrechts, an east German relief were removed. compact disc manufacturer

Mr Andrew Halper, representative in Beijing of a Canadian law firm, Goodman, Phillips and Vineberg, said he "would very surprised" if China were

Mr Martin Posth, the managing board member of Volkswa gen who set up the company's joint venture in China 11 years ago, believes domestic manufacturers will advise the government "not to endanger the

Concern about the protection

of patents and the prevention

of piracy are a big consider-

one of Europe's most modern compact disc factories with an annual manufacturing capacity

Originally a specialist con-

owned by the state of Thurin-

gia, a government spokesman

confirmed yesterday.

The spokesman said negotia-

tions should be concluded "in several weeks", but would not

say how much Mitsubishi was

expected to pay for the com-pany. Mitsubishi is handling

the negotiations through its floppy and optical disc-making

The CDA plant in Thuringia, built by the Munich-based Pilz

Group in 1992, enjoyed a repu-

tation as the home of East Ger-

many's electronics industry

under the communists. It employs some 300 people and is

subsidiary Verbatim.

struction company, Pilz diversified into CDs after it built a factory for a client and realised the potential in CD manufacturing. By 1992 Pilz had become the world's fifth larg-est maker of CDs.

But rash over-expansion and recession pushed privatelyheld Pilz into financial difficulties. In 1994 the state of Thuringia stepped in to save the Albrechts plant which it acquired for free in return for capital to meet debts and ensure that the factory continned working.

The alternative would have been liquidation and the loss of all jobs," the spokesman said. A sale of CDA to Mitsubishi would increase the presence of Japanese companies in Thuringia. Last month Fujitsu, the Japanese electronics group, announced that it had chosen Thuringia as the manufactur-ing base for its consumer personal computer division in

Fujitsu came to Thuringia through its British subsidiary ICL, which last year bought German personal computer maker ASI based in Bad Homburg and Sömmerda, Thuringia. Following the decision to concentrate operations in Sommerda, output at the factory which employs 450 people, will rise this year to 230,000 units from 180,000 last year. Fujitsu forecasts a significant increase on the DM-100m (\$270.9m) in sales achieved by ASI in 1995. · Sony, the Japanese electronics company, said yesterday it had chosen Godollo, a town east of Budapest, for its first big manufacturing venture in former communist eastern Europe, reports Virginia Marsh in Budapest.

The greenfield plant, which will come into operation early next year, will produce compact disc players and is later due to add colour televisions. stereo systems and video recorder decks. Sony is purchasing a 109,000 sq m site for the plant will eventually employ 700. Initial investment

Silicon Valley comes to Caribbean

North American companies are attracted by production savings, writes Canute James

he hum of air condition-ers and the steady tapping of keyboards compete as rows of software engineers work on a product which has been contracted to their company by Microsoft of

At a nearby plant, others are collating indices for business periodicals and responding to requests for subscriptions. A few hundred metres away, other workers at keyboards are processing, authorising and estioning claims made on a Canadian insurance company.

This is not Silicon Valley, or anywhere close. This is Barba-Barbados competes with several other countries for a share of the offshore information services business - a market valued at between \$30bn and \$40bn a year in the US and Canada.

The increasing cost of production in the US and Canada is one factor encouraging many companies to contract more of their information services work to offshore locations. Countries which can provide adequately educated and trained workers, and modern, reliable telecommunications are getting in on that market. Favoured locations close to

the US for a range of information services include Barbados,

Jamaica and the Dominican Republic, according to Mr

Thomas Lipscomb, president of Infosafe Systems of New York. There is also some work being done in India, the Philippines and the Far East. The services being contracted offshore range from basic data entry to software engineering and the writing of

the quality of workers influ-ences the choice of an offshore location. High levels of education guarantee a higher level of accuracy and cut costs. Work habits are also influential. Companies in offshore

locations which have high

software solutions. As a result,

have a lower level of worker turnover than those in North America. Sound telecommunications infrastructure plays a part, as do reliable electricity and transportation.

"We have been doing much work in India, which has some of the best software engineers in the world," said Mr Douglas Mellinger, chairman of PRT of New York, which has established a subsidiary in Barbados, "but we had problems when we moved to some of the more sophisticated work because of inadequate infrastructure.

"We were attracted to Barba-

unemployment traditionally dos by the relative high level of education and the infrastructure, and our company on the island is successfully doing work for firms such as JP Mor-

gan, Phillip Morris and AT&T,"

he said.

While they consider the economic factors, such as production costs, as important, softcompanies are continuously concerned about the security of their product when it is not really under their control, said Ms Priscilla Emery, vice president for marsearch of the Association for Information and Image Management International, a

Maryland trade organisation.

ations, but companies are dealing better with electronic piracy if not with physical Software companies looking for offshore locations stay away from countries that do not have a history of respect for intellectual property and where legislation is not as

sophisticated as it is in the US, said Mr Mellinger. "The greater danger is to companies doing software development offshore than it is for those doing solutions, but all companies will have to take steps to ensure that they have

adequate physical and network security. The promise of more lucrative markets for higher levels of technology is already changing the type of work done by some offshore locations.

"Barbados is in transition and is trying to move away from the basic services such as data entry to the higher end of the market such as software engineering and systems designs," said Mr Lawson Nurse, chief executive of the Barbados Investment and Development Corporation. "We cannot compete with the lower labour cost locations which are doing basic data entry.

US business impatient for lift-off in Vietnam

By Jeremy Grant in Hanoi

To the sound of clinking glasses, US and Vietnamese officials yesterday toasted another milestone. Eight months after burying the hatchet and normalising diplomatic relations, a US trade

office was unveiled in Hanoi. Yet beneath the polite cheer, there were grumbles from the

US business community. There were high expectations among business that economic normalisation - specifically an all-embracing trade pact - would swiftly follow President Bill Clinton's cementing of diplomatic ties in August 1995. "I don't think we're going to see it [economic normalisation] this year," said one Hanoi-based US business-

Vietnam badly wants the pact as Most Favoured Nation (MFN) status could follow shortly afterwards. MFN would give Vietnam access to the US market for its textile and commodity exports.

US investors also want to see the award of US government backed Export-Import Bank guarantees and the Overseas Private Investment Corporation (Opic) insurance cover to

Vietnam-related business. Large corporations such as Boeing, the US aircraft manufacturer, telecommunications giant AT&T and General Electric are hoping to win infra-structure contracts in Vietnam but are unable to make what they say are competitive bids without Export-Impport Bank and Opic cover.

Buses bearing advertisements for Caterpillar earthmoving equipment trundle through Hanoi but the messages they carry have not translated into significant

The US ranks as sixth largest investor in Vietnam with 53 projects valued at \$1.14bn. US businessmen blame compli-

structures for some of the slow

Domestic US political opposition to speedy moves towards trade normalisation has also hampered progress.

Washington insists, as it has done since relations were normalised, that the US priority is accounting for those still listed as missing in action in the Vietnam war.

"I get a sense that the state and commerce departments are doing things but not at the pace we'd like it to be. Opic and Export-Import Bank are, from a business point of view, ready to rock and roll," said

one US banker. However Mr Timothy Hauser, acting Commerce Department under-secretary, insisted progress was being made: "I would look back to the fact that it's been only eight months since the president took the bold step to normalise relations." he said.

CONTRACTS & TENDERS

UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF OREGON

COLUMBIA WESTERN, INC. f/k/a/ Riedel Environmental Technologies, Inc.

Debtor

Case No. 395-35394-ELP11

NOTICE

TO: ALL CREDITORS OF THE DEBTOR, INCLUDING HOLDERS OF DEBENTURES, ALL STOCKHOLDERS OF THE DEBTOR, AND ALL OTHER PARTIES IN INTEREST: Pur gunt to the Debtor's Third Amended Plan of Representation (the "Plan") confirmed in this case on December 11, 1995, Development Specialists, Inc., was appearanced in this case on December 11, 1995, Development Specialists, Inc., was appearanced in this case on December 11.

Consummation Agent under the Plan. The Consummation Agent hereby gives notice as follows: Notice of Tender Dending, Section 6.4 of the Plan provides that holders of the Debtor's Debentures and Common Stock are required, not later than the Tender Disading, to deliver their respective securities to the Consummation Agent in exchange for the distributions provided under the Plan or be barred from any distribution, under the Plan or otherwise on account of such securities. The Tender Deadline is defined by the Plan as the first business day following one year from the Effective Date, the Tender Deadline is therefore December 13, 1946. The effect of this provision of the Plan is that, if debentureholders and stackholders do not

deliver their Debentures or stock certificates to the Consummation Agent at the address set forth below on or before December 13, 1996, such debentureholders or

stockholders will not be entitled to receive any distributions under the Plan. Debentures and stock certificates should be sent to: Development Specialists, Inc., Atta: Mr William A Brandt, Jr. or Ms Deva E. Mee Suite 2010, 333 South Grand Avenue

Consummation Agent's Motion for Instructions Regarding Debentures. On or about March 8, 1990, the Consummation Agent filed in the Bankruptey Court the nation Agent's Motion for instructions Regarding Debenture Distributions (the "Debenture Motion") in which the Consummation Agent seeks instruction tom the Bankruptey Court regarding distributions in respect of the Debenture. Specifically, the Consummation Agent has suggested to the Court that it be instructed

A. No Debenture holder shall be entitled to Ontion B treatment spayment in cash as opposed to Pine Brock stock runless a timely Distribution Election Form was filed in respect of the Debenture, and only in the amount stated on the form. R. It a Distribution Election Form was finitely filed, the Consummation Agent shall, upon surrender of the Debengure, make distribution only to the person or entity

which filed the form unless such person or entity provides appropriate instructions feither notarized or with signature guarantees directing that the dis-

C. Any other Debenture Indides shall only be entitled to the Option A distribution (Pine Brook Stock).

D. Except as provided under stein 2 above, the Consummation Agent shall make distribution to or on the direction of the person or entity which surrenders the

E. In all waves, the Debenture must be surrendered to the Consummation Agent to receive a distribution

You are notated that unless a debentureholder or other party in interest, within 20 days of the date of this notice as set forth below, files an objection to the Debe Motion, specifically setting forth the grounds for the objection, with the United States Bankruptcy Court for the District of Oregon, 1001 SW Fifth Avenue, Portland, Office of 2014 and served a copy of Richard C. Josephson, Stock Rives LLP, 900 SW Fifth Avenue, State 2300, Portland, Oregon 97204, attorneys for the Consummation. Agent, the Consummation Agent, the Consummation Agent, the Consummation Agent, the Consummation at timely filed and served, the Bankruptey Court will schedule a hearing on the Debenture Motion. A copy of the motion is available for inspection and copying the offices of the Bankruptey Court or from the Consummation Agent (213/617-2717)

Post-Confirmation Administrative Expenses. On or about March 20, 1940, the Consummation Agent filed the Consummation Agent's Budget for Post-Effective Date Administrative Expenses (the "Budget") setting forth the amounts that the Consummation Agent expects to be incurred for its fees, the fees and expenses of its counsel, counsel for the Debtor and counsel for the continuing Creditors' Committee and other administrative expenses to consummate the Plan of Reorganization. The Budget estimates total post-emfirmation administrative expenses of \$700,000, approximately \$100,000 of which has already been incurred since confirm

the Plan. Activates of the Consummation Agent, its counsel and other professionals employed in connection with the case are expected to include the resolution, through negotiation or litigation, of objections to disputed claims, analysis and, if economically justified, pursuit of preference and other avoidance claims; analysis and, if exprometants justified, pursuit of a claim against CIGNA to recover funds deposited by the Debtor for workers' compensation claims; implementation and monitoring of the express agreement with the Oregon Department of Environmental Quality with respect to the former landfill site operated by the Debtor's subsidiary. Riedel Waste Services, Inc., resolution of a proceeding before the U.S. Department of Labour seeking penalties for noncompliance with reporting requirements concerning the Debtor's former 401 (k1) plan; httpatton concerning the properties goest sale to Rieder Onni Rubber Products. Inc.; and general administrative matters, including effecting exchanges of debentures and stock under the terms of the Plan. A copy of the Budget is available from the Bankruptcy Court or by contacting the Consummation Agent (213/o1*-271*). economically justified, pursuit of a claim against CIGNA to recover funds deposited by the Debtor for workers' compensation claims; implementation and i

specified in paragraph 2 of this notice and serves on counsel for the Consummation Agent at the address specified in paragraph 2 of this notice an objection to the Budget setting forth the specific grounds for the objection, the Consummation Agent will present to and the Bankruptcy Court may enter an order approving the Budget without further notice or a hearing. If an objection is timely filed, the Bankruptcy Court will schedule a hearing on the objection.

MURPHY, WEIR & BUTLER

enseth H. Brows Attorneys for Development Specialists, Inc. WORLD TRADE NEWS DIGEST

US warns HK on pirate traders

US trade officials have for the first time added Hong Kong to their list of countries allegedly not doing enough to protect copyrights and other intellectual property.

In an annual report to Congress on trade barriers, the office of the US Trade Representative said retailers of pirate software and music were operating so openly in Hong Kong that their locations were listed in guidebooks.

The 349-page report, published on Monday, outlined barriers in 42 countries plus Taiwan and Hong Kong. The report said Hong Kong's intellectual property laws were among the world's best, "but a massive increase in pirate compact disc production in China [music, video and software] over the past two years has swamped and weakened local law

enforcement efforts".

It said a group called the International Intellectual Property Alliance estimated 1995 losses due to piracy at \$130m, leaving out business software losses. "The US has urged the Hong Kong government at the most senior levels to crack down on hawkers and retailers and the

criminal syndicates that supply them," the report said. "Vigorous action by Hong Kong authorities to stop the financing of pirate activities in China by individuals based in Hong Kong is an important and necessary step, but one which Hong Kong has yet to take," it added.

US Trade Representative Mickey Kantor will use the report which said the US trade surplus with Hong Kong last year totalled \$3.9bn, \$2.2bn more than in 1994 - in deciding whether to target practices by individual countries for action under US

National Power in Pakistan

National Power of the UK yesterday completed the first phase of buying out the 1,600MW Kot Addu power plant in Southern Punjab, one of Pakistan's largest state-owned power generation plants.

The deal marks an important success for the government of Ms Benazir Bhutto, the Pakistani prime minister, which has sought to revive its troubled privatisation programme. Earlier this year, the government failed to privatise United Bank, the second largest bank. National Power had offered to buy a 26 per cent share of the plant at \$215m and assume responsibility for paying off an additional \$756m in debt. Farhan Bokhari in Islamabad, Pakistan

French shipyard in US contract

Chantiers de l'Atlantique, the shipyard owned by GEC-Alsthom, said yesterday it had signed a letter of intent with Renaissance Cruises of the US to build two 300-cabin cruise ships with an option for a third.

The contract, if confirmed by the end of June, would be

worth \$500m for all three ships, with the first to be delivered in 1998. The St Nazatre-based yard, which specialises in cruise ships and gas carriers, has work in hand this year, but needs the Renaissance deal to keep its 4,000 workforce occupied next

Airbus sets up large jet division

Airbus Industrie, the European consortium, has created a new large aircraft division as part of its plan to compete with Boeing of the US in the 500-seat jet market.

Airbus hopes to begin developing a 550-seat aircraft, the A3XX, before the end of next year. It wants the aircraft to enter service by 2003.

Boeing expects to start work on the 747-600X, which will carry over 500 passengers, by the end of 1996. Airbus has appointed Mr Jürgen Thomas, a senior Dasa executive, to head Michael Skapinker, London

Russia blocks controls on arms exports

By Jimmy Burns in London

Russia was yesterday blocking international attempts to consolidate a new post-Cold War export regime governing

defence related goods.
Senior officials representing 31 western and former communist countries began two days of talks aimed at co-ordinating their controls on the export of conventional arms and sensitive dual-use equipment.

But according to western European and US officials, the Russian delegation was opposing the regime because it feared their country had most to lose from it in terms of defence exports. The Vienna meeting is the

first plenary session to take

place under the so-called Wassenaar arrangement, which last year replaced Cocom, the control regime used during the Cold War to prevent the transfer of sensitive military technology to the Soviet Union, China, and their allies. After protracted negotiations, participants in the Was-

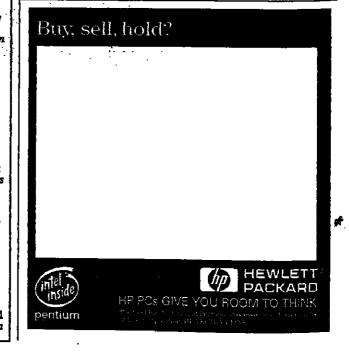
senaar arrangement, including Russia, agreed to a limited exchange information on an agreed list of controlled dualuse goods.

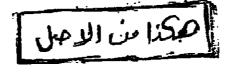
It was also agreed that participants including non-arms exporters such as Japan could raise specific issues of concern relating to conventional arms exports.

The arrangement was broadly welcomed as a step towards greater international responsibility and transparency in controlling arms exports to suspect "rogue" states. It was also thought that clearer guidelines would ensure a more level playing field for national defence

industries. But Russia's participation in the new arrangement has proved problematic as the country's defence officials fear their interests are being subordinated to those of Nato under

the guise of the new regime. Western officials admit that the new regime will mainly bring about restrictions on exports to countries such as Iran and North Korea and impede exports of items on which the Russian defence industry is focusing its export drive as a good source of hard





NEWS: INTERNATIONAL

G7 agreement at Lille conference after intense discussions seen as setback for several participants

Labour standards 'must be Most new US jobs in included in growth strategy' 'high-wage sectors'

By Robert Taylor in Lille

The Group of Seven leading industrialised nations yesterday agreed that the enhancement of core labour standards was necessary in any global strategy for economic growth. The agreed communique

ending the G7 economy and labour ministers' two-day con-ference in Lille in northern France was only reached after many hours of intense behindthe scenes discussion and was seen as a setback for the views of several participants, notably Japan. Germany, the UK and

They had expressed opposition to any reference to labour standards in the document emerging from the conference. But the UK government said

last night the outcome could have been much worse from its point of view. Initially France and the US had wanted the communiqué to say G7 should insist the labour standards issue should be on the agenda at the December meeting in Organisation. But this proposal



Robert Reich: US to press hard on jobs issue at WTO

was removed over yesterday's had expressed strong opposition to it.

France, which had called the conference, put the labour standards issue at the forefront of the meeting and, along with the US, insisted on a clear com-

The G7 comprises the US,

Japan, Germany, France, Italy, the UK and Canada. Mr Robert Reich, US labour secretary, made clear vesterday that the US intends to press hard on the issue in the WTO. He said it was "a proper forum for a discussion" of labour standards that cover

and ban forced labour. The communiqué said: "We note the importance of enhancing core labour standards around the world and examining the links between these trade in appropriate fora."
Ministers awaited "with

trade union freedoms, prevent

the employment of children

interest the completion of studies currently under way at the Organisation for Economic Co-operation and Development and the International Labour dimensions of international

However, there was also a strong commitment, backed unanimously by all the governments at the conference, to fiscal discipline in the running of their economic policies.

The US economy may have generated up to 9m new jobs over the past three years nearly 70 per cent in highwage occupations, according dent Bill Clinton by his Council of Economic Advisers. US delegates at the Group of

Seven leading industrialised Other proposals which won general agreement included:

A "modernisation" of the countries' employment summit surprised European coun-terparts with evidence indicat-"regulatory framework" in extraordinary success in the US labour market. The report, presented to finance The active encouragement of small and medium-sized and labour ministers gathered enterprises with venture capiin Lille, conflicted with a widespread belief among contital to help in new technologies. • The need to promote polinental European countries, cies to ensure "the security of employability over individuals' which had felt many new US jobs were low-paid, low-skilled

> The study, to be published in early summer, says: While provisional estimates indicate that 8.4m jobs have been created since January 1993, the Council of Economic Advisers believes the true figure will be around 9m. • The vast majority of the

jobs are paying wages that are



Ron Brown: success due to wide range of policies

14-17 per cent higher than the US national average. • As many as 60 per cent of managerial and professional occupations, mainly in the services sector. in the last year, ment growth occurred in highwage industries. "These are not hamburger flipper jobs but

chairman of the Council of Economic Advisers. • Most of the new jobs are

full-time, not part-time, averaging around 37 hours a week, with 93 per cent of them in the ■ The fastest job growth has

been among medium-sized companies employing an average of 500 people. Up to 2m new enterprises have been cre-ated in the past three years. "These facts dispel the

myths Europeans have about our labour market," said Mr Stiglitz. "The idea that many people have that the new US jobs are low-quality and lowpaid is just plain wrong."

Mr Ron Brown, US commerce secretary, said the US success was due to a wide range of policies beyond those involving the labour market. "Our successful programme for reducing the federal deficit has made more funds available in capital markets and supported high levels of investment and strong productivity growth, all of which are essential in order to create good

Mubarak, Assad in talks on Gaza curb

By James Whittington in Cair

Egypt's President Hosni Mubarak made an unexpected trip to Damascus yesterday, for talks with President Hafiz al-Assad, his Syrian counterpart. amid heightened tension between Israel and its Arab neighbours over Israel's curbs ians from Gaza and the West Bank.

Egypt and other Arab countries have expressed irritation at Israel's measures against the Palestinians following a wave of suicide bombings by Islamic militants last month.

Mr Esmat Abdel-Meguid, secretary-general of the Arab League, yesterday added his voice to the complaints: "The question of collective punishment is regrettable: this can destroy the peace process," he said in Cairo. Officials said Mr Mubarak

and Mr Assad would discuss the Syrian-Israeli peace talks, suspended last month after the suicide bombings. The leaders were expected to discuss press that radioactive waste has leaked from Israel's nuclear reactor at Dimona in the Negev Desert.

Mr Yossi Sarid, Israel's environment minister, has denied the Dimona nuclear complex nosed any hazard, but Egyptian monitors have been sent to the Israeli border to check radiation levels. Yesterday, the Arab League called a meeting of its permanent representatives for next week to discuss the issue.

• Palestinian President Yassir Arafat yesterday slammed a proposal by Israel's Prime Minister Shimon Peres for a referendum in Israel on a future permanent peace deal with the PLO. Repter reports from Gaza.

"This is completely against what has been agreed," Mr Arafat said in Gaza. Mr Peres' call came on Monday on a flight to the Arab state of Oman, effectively removing a contentious issue from debate in Israel less than two months before the May 29 elections.

How not to impress the government of Turkmenistan

Changes in the tax and ben-efits system "to make work

pay particularly for the least

well-off; in addition, cuts in

non-wage labour costs "where

Policies targeted on helping

the long-term unemployed and

to integrate young job seekers

endeavour to control public

spending more effectively in

order to reduce their deficits."

said the communiqué, "Reduc-

ing deficits will help to create a

more favourable climate for

private investment and income

of moderate interest rates."

goods and services.

working lives".

appropriate".

into regular jobs.

growth against a background

Sander Thoenes on the pitfalls awaiting foreign companies hoping to do business in the gas-rich central Asian country

can we work here?"

Privately-owned Bridas is by

Carlos Bulgheroni thought he knew L how to impress the impoverished government of Turkmenistan. Just outside Ashkhabad, the capital, where most people earn less than \$20 a month, the Argentine oil and gas magnate féted government officials on caviar and escorted them around the green lawns of his lavish company compound. This would tell the Turkmen that they were dealing with a serious investor, he

The Turkmen were more than impressed; they concluded Mr Bulgheroni's company. Bridas, was getting more than its fair share in two joint ventures with the government. When the contract was first

signed, it was not profitable for both sides," said Mr Amangeldy Esenov, minister of oil and gas. "Say you have a jacket, and I don't. We should both have a jacket. If I had been able to foresee the future three years ago, I would have signed a different contract, a civilised contract that would be profitable for both. To persuade Mr Bulgheroni

to help correct Turkmenistan's mistake, Mr Esenov blocked Bridas's oil exports last autumn. He also snubbed Mr Bulgheroni's grandiose plans for a gas pipeline through Afghanistan to Pakistan, supporting a similar proposal from US competitor Unocal instead. Mr Bulgheroni said he invested \$400m and would like



to invest another \$1.5bn in a a rule of law," he said, "how gas field said to hold 800bn cubic metres of gas. Now he is withholding new far the largest investor in

investments and is considering asking the Paris-based International Chamber of Commerce to arbitrate. "If you don't have

blocked in the past two years when the government demanded a larger share of its production. Mr Lars-Erik Magnusson,

Larmag's president, gave in but warned Turkmenistan that his project would be dead if it suffered a third interruption. "The new potential investors

staved away. The second larg-

est investor, Dutch-based Lar-

mag, twice saw its exports

in Turkmenistan look to see how the current investors are faring to determine whether to invest or not." Mr Magnusson said. "Our history in Turkmenistan has been brief and not particularly smooth."

Turkmenistan. Although the The Turkmen accuse Larmag country boasts 13 trillion cu m and Bridas of breaking promin gas reserves, the bigger ises to invest in new wells. international companies have

Western businessmen in Turkrepublic. Gazprom and Unocal menistan say that is true, but are negotiating a pipeline to do not believe the government's solution has any hope of working: Mr Esenov says he has prepared an oil and gas law that would force companies that invest less than they have pledged to pay the difference to the government.

ment is the lack of a reliable export route for either oil or gas. Plans for construction of pipelines to Pakistan, China and Europe are futuristic at

Gazprom has cancelled Turkmenistan's access to Soviet-era pipelines to the west and controls 46 per cent of a joint venture for gas exports from the

prom, notoriously jealous about control of gas projects in the region, is likely to support one that would break its grip on the country. Mr Bulgheroni appears not to be deterred. But many visitors at a recent oil and gas conference in Ashkhabad con-

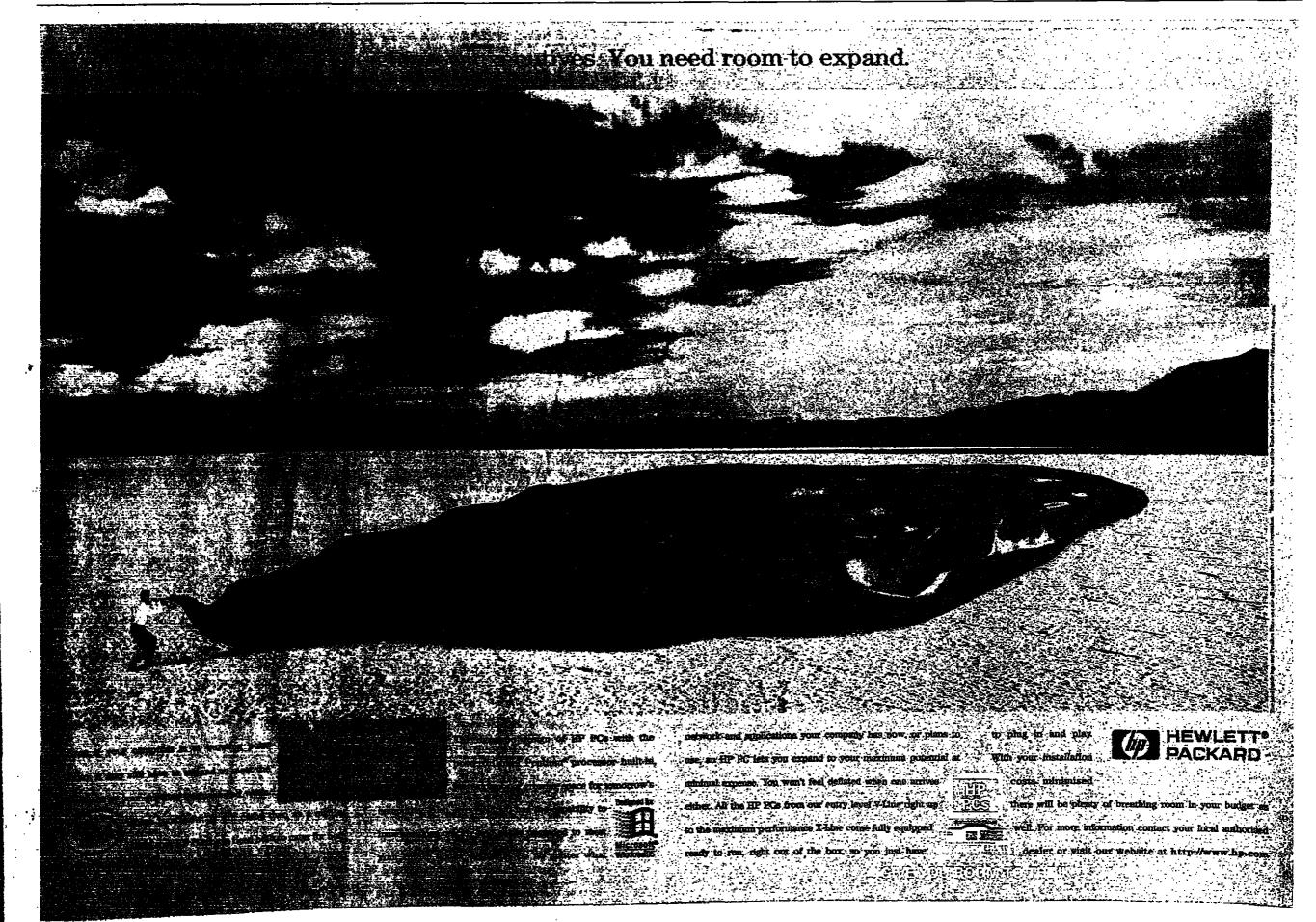
Pakistan, but some western

gas experts doubt that Gaz-

cluded that he was in trouble when they witnessed a brief visit by Mr Saparmurat Niyazov, the president of Turkmenistan. Mr Niyazov descended the stairs arm in arm with the chairman of Gazprom and the president of Unocal. Mr Bulgheroni had to make do with a handshake.

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Indian opinion poll forecasts hung parliament

By Mark Nicholson in New Delhi

India's first big pre-election opinion poli has forecast a hung parliament, with Congress remaining the big-gest single party after the April-May vote. The poll suggests the opposition Hindu nationalist Bharatiya Janata party would make solid gains, but be unable to form a government.

The poll found voters more concerned about employment and inflation than corruption as an issue. despite the recent political pay-ments scandal which resulted in charges against 25 politicians from most main parties, including seven

Using interviews with 15.450 respondents in 83 constituencies by Outlook magazine and Dun and Bradstreet Marketing Research, the poll suggested Congress would win 191 seats in the 545-seat Lok Sabha assembly, down from the 243 it held in the last parliament.

The BJP would gain 170, up from 120. The poll, conducted in mid-March, indicated the Left-Front/National Front coalition of Marxist, leftist and caste-based "social justice" parties would win 139 seats. The results suggest Congress best coalition government, most likely with the Left-Front/National Front combine or some of its factions. Congress missed an outright majority in 1991 but won a governing majority through later defections

Some 19 per cent of respondents said employment was the election's core issue: 13 per cent chose inflation. Only 8 per cent picked corruption, equal in the poll with concern over water shortages.

opposed the opening of india's economy to foreign investment, the poll found 44 per cent thought the move "right" and 39 per cent "wrong". Some 30 per cent of respondents were still undecided.

Pollsters said the election appeared "devoid of any major issue", but much could turn on events during the campaign. To mute the possible effects of the corruption affair, the Congress party has forbidden its seven charged ex-ministers from running under its colours, though some plan to stand

setback in the southern state of Tamil Nadu, where it hoped to win 28 seats through an alliance with the regional AIADMK party, headed by Ms J. Jayalalitha, the chief min-

Some MPs critical of Ms Javalalitha have allied with the opposition DMK party. The move threatens to split the Congress vote in this key state, and the row may prompt the resignations from the party of Mr P. Chidambaram and Mr M. Aruna-chalam, two ministers from Tamil Nadu constitu

Both were said by Congress officials to be considering their future. The loss of Mr Chidambaram, commerce minister, and one of Congress' most vigorous advocates of economic reform, would be a blow to the party's national image.

Congress uncertainty in critical southern constituencies was also exemplified yesterday by news that Mr P V Narasimba Rao, the prime minister, would bedge his bets by standing for a seat in eastern Orissa. He is apparently uncertain of support in his present constitu-ency in southern Audhra Pradesh.

Vietnam

down on

drinking

cracks

KL slaps curbs on speculative stock

By Peter Montagnon, Asia Editor

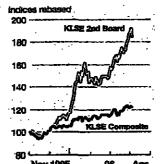
The Kuala Lumpur stock exchange yesterday imposed trading restrictions on Super Enterprise, a manufacturer of labels and stickers, in an effort to damp a surge of speculative buying of small companies which has seen prices double

since last November. The buying is a further sign of how excess liquidity is stoking up Malaysia's overheated economy, regional economists

There is a lot of liquidity in the system. Bank Negara [the central bank has still got to get to grips with that," said Mr Neil Sakar, of Crosby Securi-

ties, in Singapore.
Small companies have been the main beneficiaries of demand from retail investors dissatisfied with deposit rates available from banks. The main market index, which includes big blue chip companies, has risen less than 20 per cent this year.

A dealer at J M Sassoon in Kuala Lumpur said small stocks had attracted local specplators because the small number of shares in issue to the



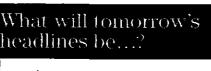
Nov 1995 96 public makes prices easy to

manipulate. Yesterday's action involved making Super Enterprise a "designated" stock. This means buvers must produce cash with their order and sellers must deliver shares to a stockbroker before they can be sold, preventing quick in and out transactions with no outlay of cash.

On Monday Super Enter-prise, which had earlier announced its intention to move into rice distribution, jumped 14 per cent to M\$28.25 (\$11.17) but following yesterday's action the shares slid M\$9.45 to be quoted at M\$18.80 in late trading. The Second Board index of smaller capitalisation stocks fell some 4 per

This is the first time the authorities have "designated" an individual stock since Sevtember 1994, but they have recently reprimanded a num-

> ing requirements. nies to buy Malaysia's new unit trusts which focus on more liquid larger companies.



Japan railway Ministry of Financial Crisis sell-off in view F or the young graduates who joined Japan's mininterpretation of the property of finance in its

The Japanese government appears ready to approve a long-delayed second phase of the listing of shares in the country's privatised national railway network. The Transport Ministry said yesterday it was anxious to press ahead as quickly as possible with a public offering of shares in West Japan Railway Company (JR

Officials would not give a date for the proposed sale but that an application for the listing could come as early as the middle of this month. The offer itself is expected to take place by the autumn, with the shares to be listed on both the Tokyo and Osaka stock exchanges.

JR West is the second largest railway company in Japan. running services in the west of the densely populated main island of Honshu, including part of the shinkansen bullet train. It has an annual turnover of about Y1.000bn (\$9.4hn) and assets of more than

Its shares were initially scheduled to have been offered in 1994 and again in 1995, but the weakness of the stock market in the last few years and the failure of other privatisations have repeatedly postponed the plans. In October 1994 the government sold part of its stake in Japan Tobacco and Japan Telecom, issues which both flopped badly.

But the recovery in share prices in the last few months now seems to have emboldened the authorities and have brightened the prospects for the flotation. On Monday the

Nikkei 225 index of leading stocks reached a four-year high as optimism about the conntry's economic prospects continued to grow.

The former Japan National Railways (JNR) was broken up in 1987. The three main companies that inherited the business. JR East, JR Central and JR West, were intended to float soon afterwards. But in the event only the first tranche of shares in the largest company, JR East, was issued in 1993.

The government is also under growing financial pressure to sell the shares quickly. The remainder of the stock continues to be held by the JNR Settlement Corporation. which will make the ultimate decision on the timing of the next offering in consultation with the government.

In addition to the JNR companies' stock, the corporation was also handed their enormous accumulated debt. The plan was to repay it through share offerings and sales of land formerly owned by JNR. But the collapse of land prices in the last five years has prevented any substantial property sales, while the debt has continued to rise. On Monday the corporation announced that its total debt had now risen to over Y27,000hn, more than Y2,000bn greater than when the corporation was established nine years ago. The JR West sale is expected

to raise about Y800bn from the sale of more than half its 2m shares. If successful, the flotation is likely to be followed soon after by the second tranche of shares in JR East and later issues by one or two other JR companies.

annual intake this week, the start of their careers is likely to have aroused more mixed feelings than is usual amone new bureaucrats at the élite

The ministry's solemn buildings have been a regular fea-ture on national television in recent months as public outrage over the authorities' handling of a series of crises in the financial sector has made the ministry virtually a public

In an effort to deflect wide spread criticism, Mr Wataru Kubo, finance minister, yester day announced that the ministry would set up a panel to study how it can improve its performance, including possible structural reforms.

The decision comes after an initiative by the ruling coalition to look into reforms in response to unprecedented public criticism that has shaken the government and for a while brought parliamentary business to a standstill. The moves highlight the extent to which the standing of the proud ministry has fallen in the eyes of the public.

For as long as many Japase can remember, joining the MoF was regarded as the ultimate sign of accomplishment and a privilege reserved for only the best and the brightest in Japan's rank-conscious soci-. When Mr Toshinori Doi was

contemplating life after studying as a law student at Tokyo University he felt drawn to the ministry. "It seemed the natural thing to do" for many of the élite

university's prestigious law

department, he says - "more

students

Once the élite of the élite, Japan's finance ministry is a near-public enemy, writes Michiyo Nakamoto



Kubo: possible reform natural than going into busi-

But in the midst of the scathing public criticism in recent months, the prestige of the finance mandarins has taken a blow. As a housewife wrote in a letter to the Nihon Keizai Shimbun business newspaper: "I used to think that the bureaucrats in the finance ministry and other ministries were people who devoted their talents and worked very hard for the sake of the country. What has led to the downfall of very capable bureaucrats who once joined the ministry full of idealism is the finance ministry's power. If it is impossible

reconstruct it." The degree of public hostility towards the MoF is in contrast. to the respect, bordering on awe, with which the Japanese

to replace all MoF employees

then there is nothing else but

to break up the ministry and

had previously held the minis-try mandarins. Much of that stemmed from a recognition of the power the ministry wields in Japanese public life - it con-trols the budget, taxation, the banking and securities industries, and customs. But it was also a reflection of admiration for the intellectual ability of its

senior officials. MoF bureaucrats are, as a rule, graduates of just a hand-ful of élite universities. Last year, of the 20 new recruits 18 came from Tokyo University, Which this year accounts for 17 out of 22. What is more, most are graduates of Tokyo University's law department.

"The best students go to Tokyo University, and the best among those go to the law department. Within the law department, the top students aim for the finance ministry since it is the most powerful And those who didn't study go to Nippon Steel," says a MoF

What matters is not just the prestige that comes with the job, but the power. Becoming a bureaucrat is one of the few routes to instant authority and respect that is available to ambitious voung Japanese. And the authority accorded finance bureaucrats is unparalleled

In a country where seniority plays a big part in determining rank, the deference shown MoF officials, no matter how young, is a conspicuous exception to

But as revelations about the ministry's failure to act on the housing loan crisis have unfolded the pendulum has

swung in the opposite direc-tion. Mos bureaucrats have recently been criticised almost daily in the press for being arrogant, lacking a sense of responsibility and being out of

Since it is clear that there was negligence on the part of bureaucrats in their handling of the country's troubled housing loan companies - into which the government will have to pour at least Y685bn (\$6.4bn) - they should be made to take legal responsibility, one disgruntled Japanese lawyer maintained in a letter to the Asabi Shimbun newspaper.

The daily public denuncia tion has affected morale. "Several years ago we were applauded as if we were almighty, but now we are criticised and it is not such an agreeable environment any more," says Mr Doi.

"The work is hard, the pay is low and on top of that you are harshly criticised by the public," agrees another MoF bureaucrat "I would not recommend

joining the MoF to my son," says a colleague. "There are a lot of people who are slaves to their work or are used as the legmen for Dietmen." While few people believe that

a break-up of the ministry is imminent, there is enough concern for the medium term to encourage the ambitions to seek their future elsewhere. "MoF bureaucrats know that, and that is why five of them are already planning to run in the next elections. They

know that when their turn comes up to become a bureau director, the MoP will no longer exist in its current form," sayş Mr Takayoshi Miyagawa, head of the Centre for Political Public Relations, a private

Vietnamese reaching for the bottle have been told to think before they drink under a new campaign designed to stamp out "excessive boozing" and improve public morals.

In a letter to ministers and provincial authorities, Mr Vo Van Kiet, prime minister, has urged people not to get drunk in public and to limit drinking to special occasions such as weddings and funerals. He added that drinking had

become "an unacceptable social evil", a reference to a campaign launched by the rul-ing Communist party in February to clamp down on prostitution, gambling, karaoke and other "negative influences". As part of the drive, Hanoi has ordered the removal of foreign brand names, particularly those of foreign drinks, from

Sales of alcoholic drinks have shot up in the last five years, since economic reforms known as *doi moi* helped boost incomes, particularly in the cities. Beer is the most popular tipple, followed closely by cognac and whisky. At least five foreign brewers are active in Vietnam, and Carlsberg, Tiger, Heineken, Tuborg and Guinness are all available.

However, the best selling beer is bia hoi, a sweet, locally brewed draught ale consumed in beer gardens in the main cities, syphoned through plastic pipes from kegs and using a brewing method originally introduced to Vietnam by the Czechs in the 1960s.

Weddings are incomplete without the consumption of vast amounts of cognac, often drunk during meals instead of beer. Foreign investors at morning meetings with Vietnamese officials often find that they are offered warm to bitter green tea.

Mr Kiet said the government

was considering introducing a law prohibiting civil servants and soldiers from drinking during working hours. A bottle of Hennessy cognac

bought in a restaurant costs about \$40, almost the entire monthly wage of a low-ranking government official. Foreign drinks company officials say sales are booming, although much of the tipple is smuggled from Thailand. But few Vietnamese appear

yet able to match Thai drinking. A foreign drinks company official in Ho Chi Minh City said 550,000 cases of Johnnie Walker Black Label were sold in Thailand in 1995, against a just 25,000 in Vietnam, which has a larger population.

han prezentin

the longer it sits

ber of smaller companies for being late in publishing results. Some have also been fined for infringement of list-"There is going to be some pain later on in stocks which are rising without any reason," said Mr David Bates, of Asia Equity, in London. Some local investors were using profits from trading smaller compa-

lective investment instrume

could underpin the market in the longer term, he added.

PACKARD

HP PCs GIVE YOU ROOM

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GUJARAT POWER CORPORATION LTD. POWER CORPORATION Phone : 6425258, 6561850 6423957, 446951 EMAIL : gpcl@giasbm01.vsn1.net.in INVITATION FOR BIDDING REQUEST FOR PRE-QUALIFICATION/REQUEST FOR PROPOSAL

INVITATION FOR PRE-QUALIFICATION & SUBSEQUENT PROPOSALS ON INTERNATIONAL COMPETITIVE BEDDING BASIS FOR PRIVATE SECTOR PARTICIPATION FOR INSTALLATION OF LAND BASED SHORT GESTATION SMALL THERMAL POWER PROJECTS OF STANDARD CAPACITY MODULES TO BE LOCATED ATIMEAR GER SUB-STATIONS/GEDC ESTATES IN GUJARAT. Gujarat Power Corporation Limited (GPCL), an undertaking jointly owned by Government of Gujarat and Gujarat Electricity Board invites pre-qualification details and also proposals in accordance with 'RFP' documents from competent parties as specified below for setting up of Land Based Short Gestation Modular Small Thermal Power Projects of suitable capacity at 24 (Twenty Four) different locations in Gujarat, India.

CONTRACTS & TENDERS

Biddlers may bid for setting up of Modular Power Units at any of the sites for which all relevant studies will be done by them. GPCL will extend assistance in getting necessary clearances. Twenty Four locations for which the bids are invited are as under:

SR NO.	LOCATION	TALUKA	DISTRICT	APPROXIMATE MW CAPACITY FOR REFERENCE	CONTRACTUAL ANNUAL ENERGY SUPPLY IN MILLION UNITS
1	Dhansura	Modasa	Sabar-Kantha	50 MW	328.5
1 2	kdar	ldar	Sabar-Kantha	40 MW	262.8
3	Vasana	Visnagar	Mehsana	50 MW	328.5
4	Chhatrai	Kalol	Mehsana	100 MW	657,0
5	Kheralu	Kheralu	Mehsana	100 MW	657.0
Ĝ	Siddhour	Siddhpur	Mehsana	50 MW	326. 5
7	Vadagam	Vadagam	Banas-Kantha	40 MW	262.8
8	Deodar	Deodar	Banas-Kantha	60 MW	394.2
9	Chandisar	Vadgam	Banas-Kantha	40 MW	262.8
10	Shihor	Shihor	Bhavnager	50 MW	328.5
11	Savarkundia	Sevarkundia	Bhavnagar	50 MW	328,5
12	Shaper	Kotda-Sangani	Rajkot	50 MW	328.5
13	Wankaner	Wankaner*	Rajkot	50 MW	328.5
14	Repar	Rapar	Kuitch	50 MW	328.5
15	Anger	Anjar	Kutch	50 MW	326.5
16	Desalpur	Bhuj	Kutch	40 MW	262.8
17	Vaghra	Vaghra	Bharuch	50 MW	328.5
18	Jhagadia	Jhagadia	Sharuch	50 MW	328.5
19	Dahej	Vaghra	Bharuch	50 MW	328.5
20	Save	Savii	Vadodara	50 MW	328.5
21	Shahpur	Vanthali	Junagach	40 MW	262.8
22	Kerela	Bawia	Alymedabad	25 MW	164.3
23	Altwa	Ahwa	Dangs'	15 MW	98.5
24	Dahod	Dahod	Penchmahal.	50 MW	328.5

Evacuation of power will be done at 66/132/220 KV to the nearest GEB sub-station.

ORJECTIVES:

OBJECTIVES:

GPCL expects to get these power projects established in less than twelve months so as to solve the existing power shortage and speed up industrialisation in Quipart. The projects can be Diesel Engine Generators or Gas Turbine Generators based on open cycle or combined cycle plants using Naphtha/NGL/LSHS/FO/HFO or any other compatible liquid fuel which is permitted by the Government of India.

The project will be implemented through the agency/agencies selected from responsive bidders who will be shortlisted by GPCL. The project will be based on Build, Own, Operate and Maintain (BOOM) basis. Further details are available in the combined Request for Pre-qualification/Request for Proposal Document in Volume-II (Part-1 to Part-24) for each location separately.

Response is solicited from Intending parties/group of companies/consortia fulfilling the following criteria:

Indian companies registered under Companies Act, 1956 having:

Expenses to releas adequate finance from Indian/International maintains and attraction freedom investment including Non-Recieval Indian/International maintains and attraction freedom investment including.

Experience to raise adequate finance from Indian/International markets and attracting foreign investment including Non Resident Indian (NRI) Proven track record of implementing capital intensive projects preferable in the power sector.

Adequate financial resources Capability to have proper tie up for getting adequate quantity of required fuel on long term basis.

Foreign Investors/Consortia/NRIs having :-Expenence in implementing power projects on Build, Own, Operate and Maintain (800M) basis. Adequate financial resources.

Capability/Ability to raise/lie up the required resources for the project by way of equity, loans, etc.

... Capability to raisetia up the required resources for the project by way of equiry, lears, etc.

— Capability to have proper tie up for getting adequate quantity of required fuel on long term basis.

RFO/RFP Documents containing project profiles as well as pre-quantication requirements can be purchased on submission of a brief resume of the agency and a demand draft for Rs. 5,001/- for each location for Indian Agencies (US\$ 150/- for Foreign Agencies) drawn in favour of Gujarat Power Corporation Little, payable at Ahmedabad, from the registered office of Gujarat Power Corporation Limited at 5th Ploor, Center Point, Panchvati, Edisaridge, Ahmedabad-380006, Gujarat, India. All RFP/RFO documents for the 24 locations can be made available for Rs. 75,000/- for Indian Agencies or US\$ 2250 for Foreign Agencies.

SALE PERIOD: From [18-3-1996 to 25-5-1996] on any working day during working hours.

Completed formats/details as per combined RFO/RFP documents should be submitted on or before [67-06-1996 upto 16.00 hrs.] to this office.

GPCL reserves the right to reject any or all the pre-qualification bids without assigning any reasons therefor. Managing Director

ASIA-PACIFIC NEWS DIGEST

Thai foreign minister to quit

Mr Kasem Kasemsri, Thailand's foreign minister, plans to resign after the conclusion of a censure debate in parliament expected within a month, the official Radio Thailand reported yesterday. Mr Kasem, a former permanent secretary at the foreign ministry, has indicated for several months he is unhappy in the position, where he has been attacked by members of his own Nam That party and overshadowed internationally by other leaders in the seven-party coalition government of Mr Banharn Silpa-archa, prime minister.

Mr Amnuay Viravan, deputy prime minister and Nam Thai party leader, appointed Mr Kasem to the post even though he failed to win a seat in parliament in last July's election. Some Nam Thai MPs have argued the post should go to an elected member. Mr Kasem is unlikely to be a target of the opposition during the censure debate, which the government is expected to win easily. Mr Kasem has stayed out of the spotlight partly because delicate trips to Burma, Vietnam, China and the border with Malaysia have been undertaken by Gen Chavalit Yongchaiyudh, defence minister. Ted Bardacke, Bangkok

China seeks to win HK opinion China yesterday launched a public relations campaign in Hong

Kong, inviting proposals on how to ensure a smooth transition in the territory which will return to Chinese sovereignty next year. In a conciliatory move, which comes amid increased concerns about Beijing's stance towards Hong Kong, the China-appointed committee which will oversee the handover placed full-page advertisements in several Hong Kong newspapers. The advertisements said the Preparatory Committee welcomed proposals for the transition.

The offer comes after upset over China's plans to replace Hong Kong's elected Legislative Council and demands that senior government officials support a provisional legislature. Democratic politicians and Britain insist the existing legislature should serve its full four-year term.

Yesterday's advertisements coincided with reports in the pro-Beijing local press that Chinese troops stationed in Hong Kong after the handover will be barred from engaging in business, investing in shares, and gambling. The reports, carried in the Wen Wei Po newspaper, reflected Beijing's desire to allay concerns about interference in local John Ridding, Hong Kong

200 boat people to be freed

Hong Kong is today to free more than 200 Vietnamese boat people, following a rolling last week by the Privy Council in London that prolonged detention of some of the 19,000 Vietnamese asylum seekers in the territory was illegal. Mr Peter Lai, Hong Kong government's security secretary, said that in addition to the immediate release of 214 Vietnamese, a further 40 cases were under consideration. The cases concern those deemed by Vietnam not to be Vietnamese nationals.

The government is committed to returning the Victnamese boat people before the territory returns to Chinese sovereignty next year. Mr Lai played down the potential problems for the repatriation programme. "This should not give rise to false hopes," he said.

He also announced plans for legislation to thwart court challenges to repatriation procedures by human rights activists. Those to be freed today receive no compensation for their detention and will not be granted residents' rights in Hong Kong. However, they will be allowed to work. Mr Lai said efforts would be made to repatriate them to Vietnam and also to return them to Taiwan, where many claimed

- : -

90.00

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Drug ruling by judge stirs critics of Clinton

By Jurek Martin, US

A foderal judge's decision in New York this week to reverse his own ruling in a narcotics case may have temporarily cooled a particularly hot controversy, but the role of the independent US judiciary is likely to remain a bone of political contention throughout this election year.

Judge Harold Baer, appointed to the bench by President Bill Clinton two years ago, had originally ruled in January that the New York police did not have "probable cause" to search a car found to contain Solbs of cocaine and marijuana. So, he declared the drug haul inadmissible evidence in the subsequent pros-

That brought him much criticism, on the grounds that he was typical of the sort of antipolice, soft-on-crime liberal that the president was intent on foisting on the country.

Senator Bob Dole, the presumptive Republican presidential nominee, demanded that the judge be impeached, the only legal way to force the removal of members of the federal judiciary, who are appointed for life.

The White House was thoroughly alarmed that the president's tough stance against crime might be undermined by a Republican use of Judge Baer as the "Willie Horton" of the 1996 campaign. This refers to

teenage pregnancies and births

among the developed nations,

according to a study reported

yesterday by the Journal of the

American Medical Association.

AFP reports from Washington.

ual experience, rates of adoles-

cent pregnancies and births

are higher in the US than in

"An estimated 95 per cent of

regnancies among teenagers

other developed countries,"

said the study.

Despite similar rates of sex-

effective Republican commer- for having rigorously applied cials eight years ago citing the case of a rapist pardoned by Mr Michael Dukakis, then the Democratic presidential candidate, when he was governor of Massachneetts.

So, the White House called Judge Baer's original ruling "grievously wrong." But it said the proper remedy was a challenge in court, which it duly instituted. The judge responded on Monday, reversing his ruling and apologising for uncomplimentary remarks he had made about police brutality and corruption.

But the administration also went on the offensive against its critics. Mr Jack Quinn, White House legal counsel, used the Wall Street Journal's editorial pages last week to argue that the record on crime conservative judges appointed by Presidents Reagan and Bush, both Republicans, was also mixed.

Appointments to the federal bench, perhaps the most important acts of domestic patronage accorded to a US president, are perennially controversial, most notably whenever a new justice is nominated to the Supreme Court,

"Impeach Earl Warren" bumper stickers were commonplace 40 years ago when the then Chief Justice, nominated by President Dwight Eisenhower, was setting precedents on desegregation and civil rights. Judge Frank Johnson of Alabama was similarly attacked

US teen pregnancy rate high

A team from the Centers for

Disease Control and Preven-

tion, in Atlanta, Georgia, stud-

ied the number of pregnancies,

births and abortions among

The report said that the

pregnancy rates among 15- to

19-year-olds had remained

fairly stable from 1980 to 1985,

but had increased by 9 per cent

during the last half of the

The rate reached 95.9 preg-

decade,

The US has the highest rate of are unintended," it added.

the new line at state level. This time, the Republican assault, given strong voice by then vice president Dan Quayle in the 1992 election, is partly derived from the fact that trial lawyers have become big financial contributors to the Democratic Party and to Mr Clinton, himself a lawyer.

ideological tinge to the politi-cal debate, beyond Mr Dole's conventional promise to name only strong conservatives to the bench. Mr Pat Buchanan, the right-wing pundit and presidential contender, would require that all judges certify their opposition to abortion and be subject to removal by public petition. He has also directed savage condemnations at Mr Clinton's two appointees to the Supreme Court Justices Ruth Bader Ginsburg and Stephen Breyer.

The frony is that Mr Clinton's judicial appointments, on most objective assessments, have not been very liberal. About 40 per cent of the 53 judges he named last year were former federal prosecutors, generally tough on criminals, while the American Bar Association, no hothed of liberals, has found his appointers more "qualified" than those of his three predecessors as presi-

But one exception can make a mess of any rule - as the case before Judge Baer has

nancies, per 1,000 girls 15 to 19

years old, by 1990. Birth rates

among girls 15 to 19 years old

declined by 4 per cent in 1960-85, but increased by 18 per

cent in 1985-90 reaching 59.9

births per 1,000 girls 15 to 19

Rates of abortions among

girls 15 to 19 years old

remained stable during the

1980s, with 35.8 per 1,000 girls

in that age range in 1980 and 36

abortions per 1,000 girls in

years old in 1990.

Caribbean cold shoulder for Cuba trade

By Pascal Fletcher in Havana

The Caribbean Export Development Agency sent its first trade mission to Cuba this week, but several companies in the region chose to stay away, apparently fearful of recent US legislation aimed at discouraging foreign trade with and investment in the

The agency, which receives European Union funding and represents the English-speaking Caribbean Community (Caricom) plus the Dominican Republic and Haiti, had hoped to bring executives from more than 25 companies on the three-day Cuba mission

and Tobago.

Organisers blamed the lower participation on US legislation, introduced on March 12, which tightens the long-standing US economic embargo against Cuba by threatening penalties against foreign companies which "traffic" in expropriated property on the

Much of such property used to be US-owned before it was nationalised by the communist administration of President Fidel Castro.

"When we planned this mission, we

Agency, said. "Many people were concerned because they trade directly with the US," he added.

Caribbean exporters who did not travel to Cuba seem to have feared that US authorities might retaliate against them by denying them entry visas to

However, Mr Earle Baccus, executive director of the Caribbean Export Development Agency, said the presence of executives from 14 companies in Havana still reflected the region's

Those represented included the Port

that started on Monday. In the end, 14 Allan Marsh, marketing officer of the companies came, mostly from Trinidad Caribbean Export Development Trinidad and Tobago National Petro-

leam Marketing Company. Cuban officials praised the "independence and resolution" of the Caribbean exporters who had made the trip. "Cuba's trade with the Caribbean is important and we hope it can grow further," said Mr Orlando Hernández,

Cuban vice-minister for foreign trade. Cuba's two-way trade with the Caribbean in 1995 totalled \$300m, mostly Cuban imports of oil and oil products from Trinidad and Tobago and the Netherlands Antilles. Cuban exports

Separatist factor stalks Quebec

Bouchard tries to counter business uncertainty, writes Bernard Simon

ince Mr David Payne fices in coming months. Sarrived in Montreal from his native Yorkshire in England 25 years ago, the former philosophy lecturer has learnt to sneak French with a Québécois accent, married a Québécoise, and become an

avid Quebec separatist. So avid in fact, that Mr Payne - who gave up teaching to enter politics in the late 1970s - was recently named parliamentary secretary to Mr Lucien Bouchard, the province's premier, with special responsibility for drumming up foreign investment.

Attracting foreign capital is part of Mr Bouchard's plan to revive Quebec's economy. The province's unemployment rate is over 11 per cent, well above the national average, and it has so far made less progress in tackling its budget deficit than any of Canada's other nine provinces. Montreal's property market is in a deep

Mr Bouchard convened a conference of business, labour and political leaders last month to try to forge a consensus on economic and social policy. He succeeded in securing their agreement for a law that would require the deficit to be eliminated within the next four

Public spending cuts have already begun to bite with the closure of hospitals and reduced welfare payments. Mr Bouchard has warned that that all but one of the funds every sector of Quebec society will be asked to make sacri-

But the clear message from the business side at the conference last month was that the biggest obstacle to a sustained recovery was political uncer-

tainty.

that his company is gradually unloading its entire portfolio of Quebec mortgages. Even some Quebec institutions are diversifying risk by increasing their exposure outside the

Swapped white rose for fleur-de-lis: transplanted Yorkshireman

Financial markets' worries

the independence referendum last October, which the federalist camp won with a wafer-thin 50.6 per cent of the vote.

A Toronto economics consultant who sits on several Cana- for neighbouring Ontario. dian pension fund boards says have sold their Quebec securities. A property financier adds

David Payne finds Canadian province not difficult to sell have been especially rattled by are reflected in the yield on Quebec's long-term bonds. which is currently 0.64 percentage points above equivalent government of Canada securi-

> ties, compared with 0.36 points Long-term investors have several concerns. There is no guarantee that an independent

> Quebec would be automatically

can free trade agreement, nor that it would be able to retain the Canadian dollar as its cur-

admitted to the North Ameri-

have also raised fears of civil unrest should voters opt for independence in a future vote. Some anglophone and aboriginal groups have said they would push for Quebec itself to be partitioned. However, as Mr Payne sees

Events since the referendum

it, "one person's challenge is another's opportunity". He says that "in the eventuality of a Yes vote, [foreign companies] would need to do business. They would need a head office here anyway."

Quebec "is not difficult to sell", Mr Payne said last month, soon after a trip to Taiwan. He cited a group of Middle East investors, whom he said were thinking of setting up a regional airline in

Mr Payne dismisses the sug-gestion that he is regarded as a turncoat in the English-speaking community, which overwhelmingly wants Quebec to remain part of Canada. "I've always been out to bat for English interests within the PQ," he says.

A number of established for-eign investors have not allowed political uncertainty to stand in the way of expansion. GEC-Alsthom, the UK-French engineering group, recently bought a railway repair shop in Montreal. Sweden's Volvo and UK-based Henlys Group

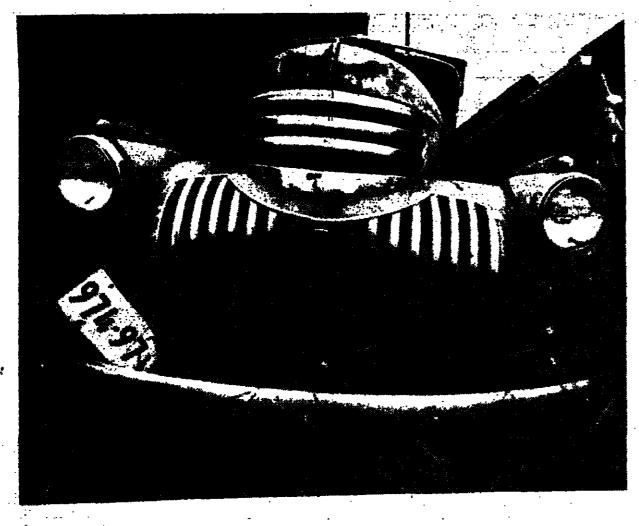
plan to expand a jointly-owned bus factory close to the US bor-

Mr Bouchard, who took over as premier in January, has recovery ahead of a renewed drive for sovereignty. He has also said that he will not call another referendum until he is sure of winning. "The chronological priority is the economy.
the fundamental priority is
sovereignty," Mr Bouchard
said earlier this week.

Most business people would prefer the premier to be less ambivalent. Mr Jean Monty, chief executive of Northern Telecom, the telecommunications equipment maker, called on Mr Bouchard to declare a referendum moratorium" for at least the next seven or eight years. Mr Monty said that Nortel would continue to invest in the province, but that political uncertainty was discouraging some senior executives from moving to Quebec.

In the absence of an about-turn by Mr Bouchard. the investment mood is likely to hinge on the degree of economic and civic turmoil.

The need for stability was drummed home to Quebec leaders earlier this year when Mr Bouchard's predecessor, Mr Jacques Parizeau, met about 20 large UK investors in London. The clear message given to the premier, according to Mr Payne, was that "they didn't want to see upsets after a Yes vote".



Inventory. The longer it sits, the harder it is to move.

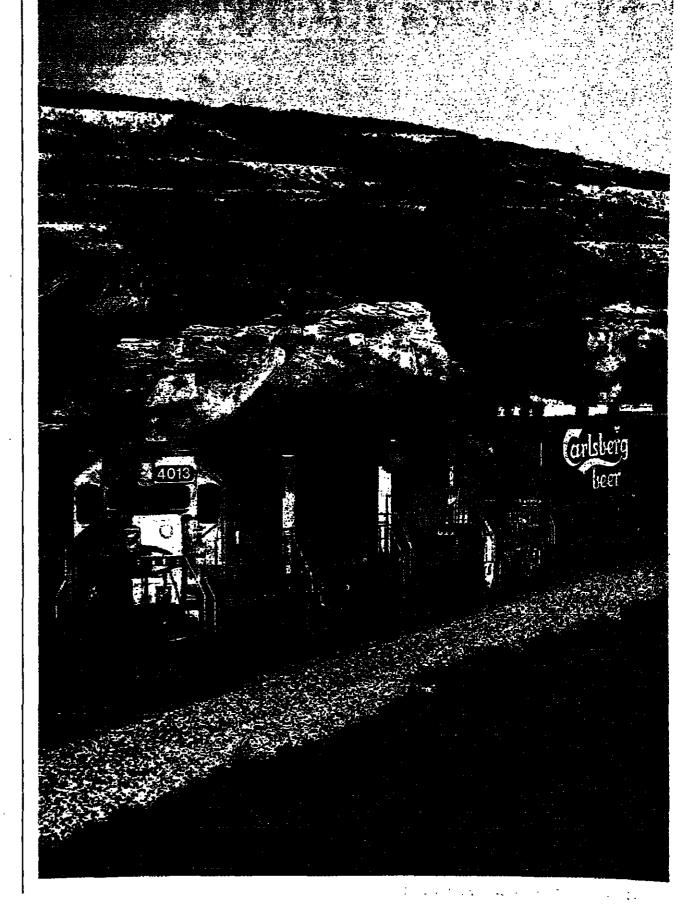
Despite what your balance sheet might tell you, inventory is no longer an asset. Today, big inventories can slow business and even bring it to a screeching halt. But you can keep your profits moving in the right direction by boosting productivity in your supply chain.

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Japan agrees exchange of ministry staff

By Michael Cassell, Jusiness Correspondent

Britain's Department of Trade and Industry and Japan's Ministry of International Trade and industry have agreed to exchange senior officials to help forge closer trading links between the two countries ground-breaking

initiative emerged yesterday, one week before Mr Ian Lang, UK trade and industry secretary, heads the largest ever British trade mission to Japan to try to narrow the UK-Japan trade gap.

Mr Lang described the decision to swap senior personnel as "an exciting new development" represented the start of a programme of secondments

between the two ministries. The first Japanese recruit has been chosen and will arrive in London in June for a two-year stay. A senior DTI official, yet to be selected, will go to Tokyo later this year; others are expected to follow in both directions.

The British department aiready exchanges one or two officials each year with French and German ministries, but only for six-month periods. It is also believed to be the first time MITI has agreed to any programme involving the release of senior staff for such extended periods.

The MITI candidate is to be appointed to what is being described as a senior management position within the British department's automotive directorate, a manufacturing sector in which the UK wants to improve its trading performance with Japan. He will also participate in an analysis of the effectiveness of UK automotive

trade associations. The department's effort to boost exports to Japan already includes the appointment of nine export promoters who have been given responsibility for belping UK companies sell into the market. Last year, British exports to Japan rose by 26 per cent to £3.8bn

The British government's export support services are performing well, but improvements are needed to help tackle the nation's falling share of world trade, says the UK National Audit Office. Its examination of support and promotion machinery from Overseas Trade Services operated by the Department of Trade and Industry and the Foreign Office - concludes that it generates "useful levels" of export business.

Last year, UK visible exports totalled £153bn (\$232.6bn), an increase of £18bn on the previous year, although as in most European countries they continued to rise more slowly than world trade. The audit office calls for better targeting of effort on priority businesses and world markets, speedier response times to market information inquiries and improved performance monitoring of OTS services. More precise analysis of the cost of export support services - costing £190m in 1994-5 - is also recommended.

(\$5.77bn). But with Japanese exports to the UK increasing to £9.6bn, the visible trade deficit remained almost unchanged. Mr Lang, who will visit MITI during his four-day visit to Japan, said vesterday that the government wanted to raise UK exports to Japan to £5bn by 1997-98. He believed there was potential to double that figure again over the next few years.

Mr Lang will accompanied to Tokyo, Nagoya and Kobe by representatives of more than 100 UK businesses engineering. including consumer goods and healthcare companies.

During his visit, which will include a meeting with Mr Ryutaro Hashimoto, the prime minister, he will discuss the further opening of Japanese domestic markets, in particular those jп the

He will also talk to Japanese companies planning to make further investments in the UK.

The beef crisis Cattle waste 'will produce more energy per tonne than chicken litter' Cows proposed as fuel for power stations

Power stations could soon be burn cows in place of coal, if the government gives the go-ahead for an option being considered for the disposal of cattle waste made virtually worthless by the BSE crisis.

The rendering industry, which performs the task of boiling down cattle remains, faces devastation because it can no longer sell meat and bonemeal to farmers as animal food. The new restrictions, announced by the agriculture ministry on March 25 following revelations about a possible link between BSE and CJD.

By Caroline Southey in

Brussels and James Harding

EU farm ministers were

finding it hard yesterday to

live up to the expectations of

their political masters spelt out in Turin last weekend - to

work collectively and in soli-

darity with Britain to put the

bottom back into Europe's beef

For much of the day, frayed

tempers got the better of min-

isters and their officials. One of

the prime targets was Mr.

Douglas Hogg, the British agri-

culture minister. His biggest

handicap was the lingering

sense of anger still felt by many of his EU partners over

his handling of the "mad cow"

crisis in the run up to the

"It has been a litany of disas-

trous errors; it was outrageous

that the British government

failed to inform anybody," an

EU diplomat said. "If he gets

anything out of this meeting it

Mr Hogg infuriated Mr Franz

Fischler, the agriculture com-

missioner, by not forewarning

the European Commission of

the impending crisis when the

UK government knew last

month that it would have to

publish the scientific report

linking BSE to Creutzfeldt-

Jakob Disease in humans.

council meeting.

will be a miracle.

market.

deprived the industry of its most saleable end product. Ministers and the industry are working together to see whether rendered carcasses could be used as a novel fuel

for power stations. The UK Treasury is particularly anxious to put the rendering industry back on a sound footing in the longer term. On Monday it agreed to fund a £118m (\$179.4m) aid package to the industry for the current financial year, to ensure it does not collapse.

Mrs Angela Browning, junior agriculture minister, said the rendering industry was vital in destroying waste animal

Minister mauled by critics

He appears to have deepened the ill-feeling by his failure to outline all the measures

Britain was prepared to take to

eradicate BSE. His diplomatic skills were also under attack.

"If you are trying to convince

people to believe in your pro-gramme, you need additional

skills. Establish friendships,

have a beer, a meal, talk about

the kids or the weather. Relax.

It is difficult for him to do this," the diplomat said.

has been little enthusiasm for

the work of the agriculture

minister. As yet, the recrimina-

tions in parliament continue to

focus on the failure to consult

the Commission and win Euro-

much criticism filtering back

of his handling of the crisis in

Luxembourg, but clearly he

has not managed this very well

in the last ten days," one rural

Conservative MP said. Another

senior Tory colleague said he

was not surprised that Mr

Hogg was being bruised by the

beef crisis: "He was never seen

as great material for the offices

rather blame his European

counterparts. One said vester-

day: "This is a European prob-

lem. They created the public

hysteria by introducing a com-

Supporters of Mr Hogg would

There has not yet been

pean support.

In Westminster too, there

in EU and his own party

survival was essential. "Using the rendered material for fuel has potential, but it will need some work doing on it," she said. "It is obviously the sort of thing that needs to be investigated more closely.'

Prosper De Mulder, the largest rendering company in the UK. confirmed it was looking at the possibility of burning surplus meat and bonemeal as fuel in power stations "to recover some value from it"

Mr Charles Reynolds, a director of Prosper De Mulder, said the company was talking to energy generators and also looking at the possibility of

confidence and instead they are treating the crisis in an

In Luxembourg, there were

also some who were prepared to speak up for the beleaguered

minister. "He was precise and

to the point when he put

Britain's case in the session on

Monday. It was impressive," an

EU official said. "But there are

many who have scores they would like to settle with

Britain so he is not getting the

For people such as these,

there were others to blame for

the malaise in the council's

The Italian presidency was

running a close second to Mr Hogg. Some EU diplomats felt

the presidency had spent most

of Monday trying to piece

together broad political princi-

ples when most ministers were

looking for a little more meat.

tions between the presidency

and the Commission appeared

in bad shape, reaching a low

point after midnight on Mon-

day when Mr Walter Luchetti,

the Italian farm minister, made

clear he would press ahead

with drafting conclusions from

the inconclusive meetings of

the day - without Mr Franz Fis-

chler, the EU Commissioner

To add to the tensions, rela-

credit due to him.'

obviously cynical way."

for in-house fuel. "It will produce more energy per tonne than chicken litter, which is used in power stations, and it has two-thirds the calorific value of coal," he said.

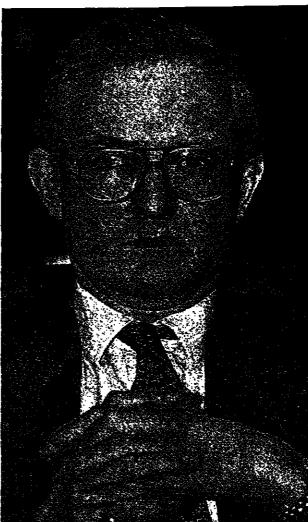
"Its use to generate heat and energy is the most obvious alternative route . . . it would be combusted at 900 degrees centigrade and that would kill everything. It would be totally

One drawback is that meat and bonemeal leave a residue after burning that amounts to 25 per cent of its input weight compared with only 8 per cent when coal is burned. In other words, there is higher wastage

also considering a way of overcoming the shortage of incinerators to burn 15,000 older cattle which are expected to be destroyed each week rather than enter the food

chain. This would involve the animals being cut up and rendered down, with the fat residue used either for industrial purposes or recycled in the rendering process itself being burned to produce

steam. The residual dry matter which would consist of meat and bonemeal - could then be burned for power, industry officials suggest.



British agriculture minister Douglas Hogg: "It will be a miracle"

Company loses asbestos appeal

Spin-

By John Mason and Tim Burt

T&N, the motor components and engineering group, yesterday lost a legal challenge over asbestos-related illnesses when the Court of Appeal ruled that the company was liable to pay damages to victims who lived close to a former factory.

Although the court stressed that the action was not technically a test case, its ruling clears the way for future cases to be brought against the company. T&N said financial implications of the ruling for the company were "minimal" and it did not expect a wave of fresh cases. 'We expect about 12 more cases to arise out of this, and we will vigorously contest any that are questionable."

However, a lawyer for some of those with outstanding actions against T&N said T&N might remain vulnerable to future claims as other cases of mesothelioma –

ashestos-related cancer - come to light. Mesothelioma has an incubation period of up to 60 years, the lawyer added. The factory at the centre of the case, J.W. Roberts of Armley in northern England, closed i

The Court of Appeal upheld the ruling of a High Court judge that T&N was liable to pay £115,000 (\$174,800) over two cases in which children contracted mesothelioma after playing near the Roberts factory.

An appeal judge said the High Court had heard evidence of children paying regular visits to the factory's loading bays. "During the course of them, children would jump up and down on the bales," the judge said. "Sometimes the bales would burst open." T&N's interpretation of the facts had "verged on the ingenious", he said.

The company has spent about £300m in the past 10 years settling compensation claims, mainly in the US. Its shares initially fell 10p in 🖊 London after news of the to end down 4p at 168p.

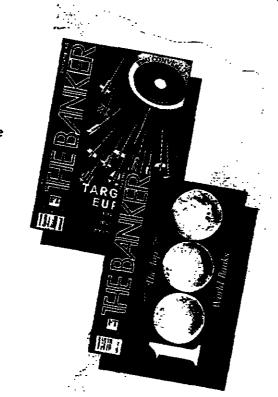
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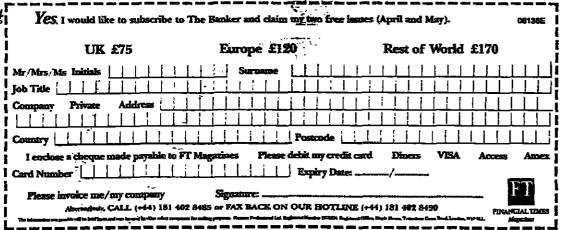
In the April 96 issue, we will examine the changes taking place in the Brazilian economy and the important restructuring of the banks with institutions merging and radically altering their business and strategies. The report will include interviews with senior bankers and officials and the latest bank results and comprehensive listings. Earlier this year we also reported on Argentina, Mexico and Chile.

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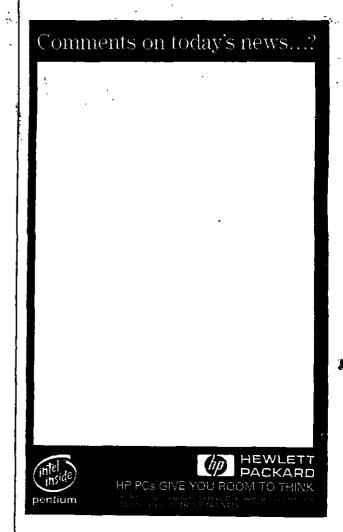
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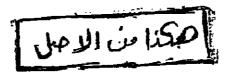
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BETWEEN IN THE MATTER OF MERIDIEN INTERNATIONAL BANE LIMITED (In Liquidation)

NOTICE is hereby given that the Creditors of the above-named Company which is being wound up by the Court are required on or before the 28th June, 1996 to sand their names and addresses and the particulars of their debts or claures and the mannes and addresses of their Antoncys (If any) to Mt. Daivd P. Hamilton and/or Mrs. Allson J. Trecco. the Official Liquidonors of the said company at Po. Box N. 123. Neesan, Baltamus and if so required by Notice in

Dated: this 26th day of March A.D., 1996 Mekinney, Bancroft & Hughes





Defence equipment Consortium will compete against Thyssen and Vickers for contract to work with Giat

GIN joins German bid for transport order

GKN, the 'defence and automotive group, hazamed with the German engineericompanies Krauss Maffei. Mak/Rheietall, and Wegmann, to bid for th3bn (\$4.6bn) Anglo-Franco-Germ battlefield taxi programme, a consortium will compete agat an entry by engineering groups syssen and Vickers to become le Anglo-German team which work with France's nominated nufacturer Giat to produce

transport. A winner of the Anglo-German competition is likely to be selected by summer 1997, with a production contract to be awarded a year later. Production is likely to start early in the next century, with all competitors hoping that the project will replace tank and fighting vehicle production workloads which will by then be running down.

GKN will need work in its factory at Telford in the English Midlands from 1996 once its order for Warrior Armoured Fighting Vehicles for Kuwait is completed. Vickers will need further orders for factories in

northern England around the year 2000 when a will have completed its order for challenger 2 tanks for the British Arry. Vickers is also pursu-ing a potential Challenger order from Saudi Araia.

Britain lecided to join the previously Fraco-German battlefield taxi programme last month under the threat the it would be excluded from the new ranco-German arms agency if it did ot participate in the European Muti-Role Armoured Vehicle

programme (MRAV).

MRAV s seen by France and Germany as way to rationalise the num-

The RAF seeks'a cruise missile to attack well-defended targets

Europe by bringing them together in common programmes. Europe now manufactures three main battle tanks and armoured personnel carriers against one of each in the US.

The companies hope that their teaming arrangements will solidify into formal joint ventures which might then lead on to full mergers of the companies. However, that goal is some distance away.

In joining the MRAV programm Britain has had to accept a detailed Franco-German specification for the vehicle. This runs counter to its

ber of armoured vehicle makers in recent policy of producing an outline requirement and then asking companies to submit their ideas to a competition.

The UK will be able to propose changes to the design, and will press for competition in as many areas as

France and Germany originally threatened to exclude the UK from the agency last summer when Britain decided to order 2.5bn of US Apache tank-busting helicopters rather than buy the Franco-German Tiger. France has since cut the number of Tigers it intends to buy.

> Missile (Jassm). The Jassm programme is likely to be 10 times that of the UK, and could provide lucrative work for UK component and sub-system

The leading European contender for the UK contract is the British Aerospace-Matra Apache. This was originally designed to be an anti-runway cruise missile which would fly along airfields dropping small bombs to crater runways. It has been adapted to the Casom role and could be adopted by both France and Germany for

similar programmes.

Apache has the great advantage that the proposed merger between the missile divisions of BAe and Matra is unlikely to proceed without it. The deal is seen as an important element in the consolidation of the European defence industry in general and for keeping guided weapons technology in the UK in particular. This bid has heavyweight political backing.

GEC-Marconi has pitched in with Pegasus, a beefed-up ver-sion of the guided bomb which it supplies to the United Arab Emirates. Like the JSOW, however, the stretched versions of gliding bombs do not find great favour with the British minis-

Against that, the UAE is also looking for similar cruise missile and if the MoD were to pick Pegasus, GEC could win \$1bn of work from the Middle East. Ironically, Pegasus is pitched against Apache in the

UAE competition. Fans of Israeli equipment are backing the Popeye, designed by Raefel, which has the merit of being cheap, but is still considered an outsider. Also lagging behind is the KEPD 350 from Daimler Benz Aerospace.

overturned the conviction of a British journalist, Mr Bill Goodwin, who was found guilty of contempt of court in Britain

hers of the Council of Europe on reforms to the existing tribunal and the proposed "11th protocol" court which will speed up the consideration of alleged human rights abuses.

A Foreign Office paper said "differing circumstances and traditions", particularly in relation moral or social issues, should be taken into account in enforcing the European Convention on Human Rights. It added that more weight should be given to the decisions of local democratic institutions and tribunals. Other British proposals include prior notice of candidates to be judges, to allow time for objections, and a requirement that the court give earlier warning of its "main areas of concern" in cases. "The government has been concarned about some recent judgments of the court and it would like to see certain changes to promote fairness," the Foreign Office said. Bruce Clark, Diplomatic Correspondent

European Court

The UK government, which has been infuriated by several recent defeats in the European Court of Human Rights, said

yesterday it wanted reforms in the court's procedures, and

more consideration of individual countries' traditions. The

proposals were published only days after the Strasbourg court

after he refused to name the sources for an article. The

government said it was inviting comments from fellow mem-

'needs reform'

EU overtakes Far East



Applications to British universities, from other European Union nations rose by onethird last year, while the number accepted increased by almost 40 per cent, according to the UK Universities and Colleges Admissions Service. They accounted for almost half of the 3.5 per cent rise in applications last year, up 14,325 to 419,442. The figures reflect attempts by higher edu-cation to expand its market, Norway and suggest that students from mainland Europe are taking more advantage of the

source Quis and a second of the EU. A source Quis course Quis total of 25,520 people applied from the EU, excluding the UK, putting it significantly ahead of the Far East, where British universities have traditionally had strong links. A total of 12,979 applicants came from this area, including 5,073 from Malaysia. There was also strong interest from Africa, including 853 applicants from Kenya and John Authers, Public Policy Staff 653 from Nigeria.

Many Names reject offer

The Gooda Walker Action Group, one of the largest and most influential groups representing loss-making Names at Lloyd's of London, said yesterday that 65 per cent of its members had voted to reject the \$4.25bn out-of-court settlement being put to the market's 34,000 investors. So far 1,060 members had said in a questionnaire that they would reject the offer while 558 were ready to accept. Mr Michael Deeny, chairman of the group, said similar figures were emerging from other groups of litigating Names. "They are being offered much less than they can recover through the courts," he said. Jim Kelly, Financial Staff

Cuise missiles contract for RAF * isworth \$990m

The yal Air Force is looking for ruise missile which can be ed from its fighters or borrs, fly at least 250km on a pplanned course, and then desy a command centre, hamed aircraft shelter or rar station with pin-point

e competition to supply th Conventionally-Armed Std-Off Missile (Casom) has be one of the most keenly fcht procurement projects of rat years. To fill the need, t' Ministry of Defence has plished a very simple outline stification, and then asked opanies what they can supfor £650m (\$990m) To save ney, the ministry has also sed the companies how the gramme might benefit from operation with other coun-

Casom will be a "silver bult" weapon for the RAF: each issile will cost about \$1m and ill be used against the most aluable and well defended tarets which will be used in situtions where the risk of nanned aircraft losses is unaceptably high. It is also points he way to the future direction d ground attack warfare, and companies are keen to show their prowess in the field. Seven teams have put in bids.

grammes, the cruise missile competition pitches proven US technology against European ideas in development. Politics also plays a roll because one of the bids is pivotal to the consolidation of the European mis-

siles industry. Hughes, the US electronics company, has teamed with Smiths Industries of the UK to offer a slimmed down version of its Tomahawk long-range cruise missile. Tomahawk has many fans in the British

defence ministry. It has also been selected for the Royal Navy recently, and will be fired from submarines to attack targets outside aircraft range. However, Airhawk, the son-of-Tomahawk heing offered in this bid, is expensive and Hughes does not have strong UK credentials; thought the lagging behind

Two attempts to acquire tank-busting of up to 18 conventional missiles which missiles for the Royal Air Force have been can be fired individually or as a salvo. cancelled over the past decade because of The other three have opted for 2-4 pods Treasury cuts, and the defence ministry which are fired one at a time and then spent £2.5bn last July on Apacke antitank helicopters to fulfil a similar job Officially, the programme remains of course to be decided by July. Helicopter are for hand-to-hand sparring while th RAF's Harrier jets supply a ground cor mander with a heavy punch. The com-nies bidding to supply missiles have to very different views of how to delight knock-out blows. Of the five contends two favour loading a Harrier with bates



and longe range, but is still

prospect that, if it is selected, the UK could win work on the the US is a gliding guided US equivalent of Casom, the bomb which does not excite the British ministry. But the Joint Air-to-surface Stand-Off

munitions over the target area.
Of the missile contenders, the leader is probably being fielded by GEC-Marconi. It is offering a version of the US Hellfire missile which is the main armament of the Apache helicopter. The other missile

"dispense" large numbers of sub-

Critics of the Typhoon say that it will be more expensive than the GEC-Marconi contender as a way to kill tanks.

programme is designed to pro-

duce a motorised version later,

and tests of the system have

Each of the US competitors

is holding out the tantalising

been successfully completed.

Leading the field for the dispenser solutions is the Hunting Swaarm, which was the rival to Brimstone the last time the competition was launched. Swaarm uses a mixture of European and US technologies, with Daimler-Benz Aerospace, Boeing and Alliant Techsystems all large suppliers. One of the few teams to remain from the cruise missile bid is Texas Instruments and Shorts. They are offering a version of the US weapon which they are entering in

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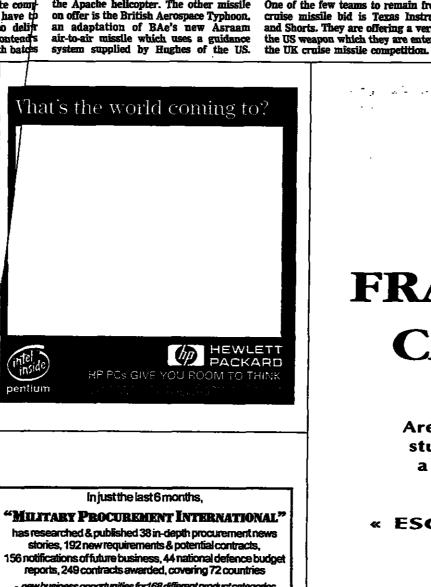
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RECRUITMENT

JOBS: Women are failing to take power in big companies

Ceilings from toughened glass

since the first UK sex dis-Crimination and equal pay laws attempted to give women a fairer deal in employment. Yet women appear to be almost as much excluded as they have ever been from positions of power in Britain's biggest boardrooms.

They may qualify occasion-ally by birth to be the head of state, they may even have achieved the highest political office, but they have hardly scratched the armour of Britain's male-dominated

A study carried out by Chris-tine Mallin, professor of finance at Nottingham Business School, and Martin Conyon, a research fellow at the University of Warwick, shows that women's influence in the running of big publicly-quoted companies remains minimal. They are simply not coming through the system. The report shows that the

number of women executive directors in FT-SE 100 companies can be counted on two

t is more than 20 years hands with fingers to spare. There are six, June De Moller at Carlton Communications is the only woman managing director. The other executive directorships are held by Kathleen O'Donovan at BTR, Rosemary Thorne at Sainsbury. both finance directors. Stephanie Monk at Granada, Sara Morrison at General Electric

and Caroline Burton at Guardian Royal Exchange. Outside the biggest group Ann Iverson. former managing director of Mothercare, is worth a mention as chief executive of Laura This elite group forms just one half of 1 per cent of the boards of FT-SE 100 companies.

When non-executives are taken into account, the proportion improves to 3.6 per cent. That last figure, small as it may be, probably suggests a greater influence than that actually exercised by women, since less than half of the non-executive women are represented on the important remuneration and There may be many reasons for this degree of under-representation: women have children, some may be less good at politicking, they may not actually seek power as much as men. None of these points, however valid, addresses the question of whether women. once handed power, can use it as successfully or even more

successfully than men. In a job where birthright is the chief qualification, two of Britain's most successful monarchs. Queen Elizabeth I and Queen Victoria, were women. In those circumstances, as under the present monarchy. able men have been prepared to serve and respect the incumbent queen. Why is business so different?

Arguably the most powerful woman in British business is Carol Galley, who, as vice-chairman of Mercury Asset Management, has a say in the control of £70bn of investment capital. Her power is resented by some male executives who have felt the draught of decisions, but she commands a high degree of

respect among businessmen. Yet it appears that these same men are either unprepared or incapable of bringing women on to their boards in any significant numbers. The problem could lie in the focus on abilities, which may often take too little account of the different management, organisational and decision making qualities of women. As Mallin and Conyon say in their study, "Women who may be candidates for directors' posts will often have quite different backgrounds and experiences to their male counterparts".

Mallin and Conyon believe that part of the problem of under-representation of women on the boards of public companies is in the selection procedures. There are too few nominations committees for non-executive appointments, they say. Another problem in the recruitment of both executive and non-executive directors is that virtually all outside appointments to the boards of big public companies are performed by headhunters, them

Norway, Oslo Denmark, Cop'hagen Germany, Munich Germany, Frankfurt Germany, Berlin Finland, Helsinki Germany, Bonn Germary, Bonn Beigium, Brussels Austria, Vienna S. Koree, Seoul Sweden, Stockholm Argentina, B A France, Paris Brazil, Brasilia Hong Kong, Victoria Singapore, Singapore China, Beijing Italy, Milan USA, New York Luxembourg 110.57 8.40 110.31 1.30 107.51 12.10 106.77 5.80 2487.59 108.18 2.80 1.56 104.35 1.60 45.46 103.17 1.30 2.47 Luxembourg Netherlands, A'dam S. Arabia, Jeddah Spain, Madrid

selves mostly male, who look for the male characteristics that are favoured by their male clients. Few companies seem prepared to break the mould. Women in the boardroom: evidence from large UK companies, by Christine Mallin and Martin Conyon. Nottingham Business School, Burton Street, Nottingham NGI 4BU.

5.00 4.30

Richard Donkin

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what elsewhere, with Prague P-E liternational has just moving up the list. Madrid released he results of its cost of living urvey, now carried out at si-monthly intervals. The cities listed above are a also appears now to be slightly more expensive than London. Hong Kong seems to have sample from about 120 countries covered in the survey. become slightly less costly. The index is calculated Those who an recall when the the index as last published will noticethat Tokyo has edged downlightly although its ranking a the most expen-

London Portugal, Lisbon UAE, Abu Dhabi UAE, Dubai

italy, Rome irish Rep, Dublin Morocco, Rabat

Greece. Athens

sive city remins the same. The order is changed some-

against the exchange rates current on November 24 1995. To update it, divide the exchange rate by the new rate

and multiply the result by the table's index figure. The index is drawn from six

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Millicom International Cellular S.A. (MIC) is a leading operator of cellular telephor-ervices worldwide. Through joint ventures MIC currently holds 29 licenses to operate cellular networks in 20 countries with ambined population of 410 million people. In addition, MIC is pursuing new licenses in a number of countries. The majority of MIC's options are in emerging markets. The company traded on NASDAQ, and has an approximate market value of US \$ 2 billion.

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nternet Home Page: http://www.kfaeurope.com/kfaeurope/

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Experienced across the full marketing mix within

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Naturally curious about customer and compenitor

merely react to the present, they will be able to frame

behaviour, keen to shape the future rather than

the questions, digest the feedback, formulate

innovative strategies and deliver the anticipated

Collegiate in style, candidates will deliver their

own bottom line contributions but be supportive

managers capable of creating and enthusing high

Additionally they will be enlightened people

of colleagues and proactive in cross-fertilising ideas.

■ Fluency in English. Other languages, especially French advantageous.

■ Experience in selling international business services to Finance

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252 Regent Street, London W IR 6HL, quoting ref: 90018/A.
Alternatively by e-mail to cv@kfaeurope.com

The successful applicant will be numerate,

educated to graduate/MBA level or with a

consultancy, ideally including exposure to

your financial/analytical, interpersonal and

of your current remuneration package, to:

Mrs. C. M. Lambert, Assistant Director,

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be able to demonstrate an awareness of

professional qualification in accountancy and will

have three to four years' experience in finance or

corporate finance transactions. Your knowledge of

the South African marketplace will be thorough,

presentation skills will be excellent and you will

To apply, please write enclosing a CV and details

Desire to shape a business within the context of a large international

Competitive salary + benefits

Whitehead

retail financial services, candidates should be graduates,

numerate, intellectually strong, instinctively commercial,

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finance in London and South Africa are excellent.

transaction execution teams.

B HAMBROS BANK

GUINNESS FLIGHT

commercial issues.

Far East Equities

Guinness Flight is an award winning fund management company recognised for skilled fund management and innovative product development. The Company has grown significantly over recent years, a trend which is

expected to continue, and is now one of the leading international fund management groups. Strong and consistent performance in Pacific Basin assets under management have led to significant growth in existing funds, giving rise to new and exciting investment opportunities. In order to maintain our high quality investment performance, and to enable us to develop further, we are seeking to recruit the following:

Fund Manager -

Candidates should have a minimum of 3-5 years fund management experience within a successful Japanese investment team. The position at Guinness Flight would ideally suit an individual who now feels ready to take more direct investment management responsibility. Candidates should also be recognised under the IMRO regulations as Threshold Competent, preferably with the HMR, or equivalent, qualification.

Junior Fund Manager/Analyst -Asia (ex Japan)

The ideal candidate will be a graduate with 2-4 years experience at a leading investment firm, central bank or international institution, preferably in Far Eastern markets, but consideration will be given to exceptional candidates suitably qualified in other stock markets. The role will include analysing listed companies, making recommendations on stock selection, reporting on economic and financial indicators, and participating in the investment management decision making process. The successful candidate should be studying for, or have gained, the IIMR qualification.

Please reply in writing with a full CV to: Mrs Jane Cole, Personnel Management, Guinness Flight Global Asset Management Limited, Lighterman's Court, 5 Gainsford Street, Tower Bridge, London SE1 2NE.

The closing date for applications is Friday 19th April 1996.

Issued by Gonness Flight Global Asset Management Limited, regulated by IMRO and the Personal Investment Anthonity.

Fund Manager Pacific Basin (Ex Japan)

Our client is the fund management subsidiary of a major British financial institution. Managing assets in excess of £14 billion both for group companies and for external clients the company is gaining increasing recognition for the excellence of its investment performance.

An opportunity has arisen for an individual to join the Pacific Basin (ex Japan) team. The role will involve participation in the regional asset allocation decisions, market and company research as well as responsibility for a number of portfolios invested across the region. The successful

candidate will also contribute to marketing activity. Candidates will be graduates with a minimum of 3 years fund management experience covering the

region. In addition to well developed analytical skills they must demonstrate good communication and organisational abilities and show initiative whilst being a good team player. HMR qualification would be advantageous but not

This position offers excellent career development opportunities. Remuneration will combine a highly competitive salary with a range of other benefits including an attractive bonus scheme.

To apply, please write in confidence, enclosing your CV quoting reference 1144, to Andrew Thompson at FLA Ltd. 211 Piccadilly, London W1V 9LD. Tel: 0171 917 2930; Fax: 0171 895 1353.



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Leading Fund Manager seeks a key person with a business development and strategic leadership focus.

AMP Investments (NZ) Limited is offering a unique opportunity to be responsible for the management and

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wholesale funds management operations. You will need strong analytical and communication skills, be capable of bringing fresh ideas and innovative solutions to complex investment management issues and will have relevant experience in the field of equities research

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management structure, be capable of making a contribution to the strategic direction of the business and manage a

proactive innovative team of equity specialists. This is certainly one of the biggest and the most sought after equities management positions in the country.

If you want the opportunity to manage the largest equities portfolio in the country, please respond in confidence to David Conning, Human Resources Manager, AMP Investments (NZ) Limited, PO Box 3764, Wellington, New Zealand by 12 April 1996, phone 64-4-498 8149, fax 64-4-471 2290. All enquiries will be dealt with on a strictly confidential basis.



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To assist Investment Managers with the analysis of industries and

individual securities. To produce weekly political and economic updates on assigned markets.

Frequent travel to Eastern Europe.

The ideal candidate is likely to have: A numerate degree and MBA.

Strong analytical skills and PC experience. Excellent interpersonal and team skills.

 Previous experience of research for Eastern European Emerging Markets Funds. Fluency in Eastern European languages (including Russian) as well as Spanish and English and excellent written communication skills.

Experience of working in Eastern Europe or Russia preferred.

Natural curiosity, tenacity and high energy levels. Opportunities for ambitious candidates are superb in this rapidly expanding organisation. As a dedicated analyst you will be able to gain immediate credibility with peers and senior colleagues, displaying self-confidence and maturity. In a company which

recognises that people are a critical resource, remuneration will be highly competitive. erested candidates should contact Teresa Asworthy at BBM Selection, enclosing a full CV, which includes contact telephone numbers. All applications will be treated in the strictest confidence.

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Opportunities in European Commercial Real Estate new business development.

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General Electric is a diversified technology, manufacturing and services company employing over a quarter of a million people worldwide and generating revenues of \$70 billion. GE Capital, one of the largest and most successful financial services companies in the world, has 25 core businesses, one of which is Commercial Real Estate Financing & Services (CREFS). This business is a world leader in investment property, financing and investment lending and is now embarking on a major expansion

programme throughout Europe. We are seeking people who can provide our new business team with professional underwriting and marketing support. One position is based in London and will focus on the UK market; the others are based in London or Paris and will concentrate on new business development in France, Scandinavia and the UK.

You will be responsible for analysing the financial viability of proposed investment deals, assisting in new product development by evaluating markets,

London and Paris

returns and sensitivity analyses, and preparing investment and financing proposals. You can also expect to be involved in information-intensive presentations and marketing pitches and will regularly

liaise with customers and external professionals. We are looking for people with a strong financial background, a highly analytical mind, and excellent PC and financial modelling skills. With a customer service focus, you will need to be a self-starter vet able to work as part of a team to achieve common goals.

The European position also calls for fluency in French.

The remuneration package will reflect the decisive contribution we expect you to make to our new business development. We are determined to appoint individuals who have the clear potential to grow with us and take on more senior roles either within CREFS or other GE businesses. Please write with full cv, including details of current salary, to our advising consultants, Stafford Long & Partners Recruitment Limited, 30-32 Whitfield Street.

London WIP 6HR, quoting reference: FT/3/96.



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Call for code of practice

Britain's top companies have floated a proposal that business adopt a code of practice on environmental reporting in order to promote the habit.

The Advisory Committee on Business and the Environment, the body of senior business figures that advises the government on environmental matters, says this would greatly improve understanding and use of environmental information by the financial markets.

The recommendation is one of the main points to emerge from a year-long study of the infor-mation links between business and the financial sector.

The consultation paper issued today says improved environmental reporting could do much to help analysts, fund managers and others form better judg-ments of companies' risk pro-files, their prospects and their

It proposes a number of guide lines for environmental reporting, and puts forward issues for further discussion.

After examining the experience of the US, the paper also emphasises the role that environmental agencies can play in forging links with financial regulation agencies to get companies to be more open about the financial implications of their environmental performance.

David Davies, who chairs ACBE, says financial institutions have shown only limited interest in environmental issues so far. even though they could exert considerable influence on company managements.
Inconsistency and incomplete-

ness of environmental information is the key reason. Davies believes. "ACBE is endeavouring to improve the situation." he says.

The paper is the first in a series on financial issues and

David Lascelles
The paper is available from the
ACBE secretariat, Room C11/13. Department of the Environs Marsham Street, London SW1P 3EB (tel 0171-276 4645). Com are invited by June 10.

🕇 be market place which introduced the world to grains futures and financial derivatives will soon be throwing rubbish on to the Inter-

The Chicago Board of Trade (CBOT) later this month plans to display in cyberspace its fledgling exchange for recyclable commodities such as paper, plastic and glass. Its miscellaneous category extends to car batteries and vinyl - in short, anything that is non-hazardous. recyclable material.

"This will tell you what somebody is prepared to pay for PET plastic today, what somebody in China is willing to sell and what somebody in South Africa is willing to buy," says David Bedore, in charge of marketing the project for the CBOT. "It is making prices more visible out there so it is no longer a guessing-game."

The move on to the Internet is

part of attempts by the Board of Trade to nurse to maturity a global recycling market that today is highly fragmented and prone to wild price fluctuations.

In launching its exchange last October, the CBOT recognised recycling's potential to become a fully-fledged commodity market, complete with open-outcry trading and futures contracts to help players protect themselves against risk.
"What the recycling business

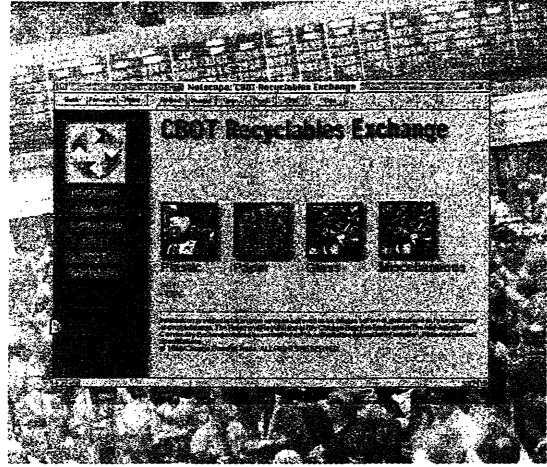
needs is a more efficient system." agrees Phillip Rooney, president of WMX Technologies, the big US waste management company, which sees recycling as one of its fastest growing activities.

While recycling is volatile partly because governments are still in the process of drawing up the rules upon which these markets depend, it has been growing fast in many countries. In the CBOT's own backyard, the city of Chicago overnight increased recycling targets from 10 per cent of household rubbish this year to 25 per cent next

Bedore says that once the exchange is on the Internet, anyone with a computer and modem will be able to look at its bulletin board, listing "For sale" or "Wanted" items with price, quantity and type of commodity.

Subscribers who pay \$1,000 (£658) a year will be able to post an unlimited number of bids and offers, as well as find out additional details such as moisture content for paper - and how to contact other vendors and buyers. "They won't be able to point and click to get that [additional] information but they will be able to send e-mail [to potential partners]," says Bedore.

The reasons for putting the exchange on the Internet are obvious: the low cost of dialling into the Internet for the price of a local call opens up the possibility of attract-



Chicago hopes its fledgling recyclables exchange will get a boost on the Internet, says Leyla Boulton

Trading trash in cyberspace

ing the large number of interna-tional players that the market needs in order to become efficient. So far, the exchange, a handful of computer screens that can be

dialled into on a Chicago telephone number, has attracted 143, mainly US, subscribers. These range from large companies such as Weyer-haeuser, the US paper manufacturer, to small businesses. But the Board of Trade, according to Patrick Videll, one of its economists, is banking on the Internet "to open floodgates of activity".

In the meantime, the CBOT, which is proud of its sophisticated

procedures, has also been trying to establish why only a small number of recycling transactions have been

recorded with it. Videli suggests that some recycling subscribers may be a little shy of exposing themselves to the possibility of arbitration which becomes available to parties when they record a transaction. In order to encourage the recording of deals and therefore of the prices at which deals are struck, the Board of Trade is considering offering discounts to subscribers who record their trans

The ultimate goal is to develop recordation and disputes arbitration futures contracts, in which the

CBOT specialises - but before that can happen, it will need to set uniform standards for the different recyclable commodities.

Bedore expects that process to take at least a couple of years. "It took us 20 years to get a grain futures contract from the cash-market," he says, referring to the start of grain futures trading in 1865. "We are not anticipating that recycling futures will take that long but...we're waiting for the market to mature."

The address for the Chicago Board of Trade's World Wide Web site on the Internet is http://www.chot.com

Cars that run on cooking oil

Japanese cuisine is now providing bio-diesel, writes Emiko Terazono

cooking oil have discovered that old tempura oil can power

cars and boil water. Although Japan recycles 250,000 of the 2m tons of oil used every year, making it into additives, soaps and rust-preventive paints. the rest is disposed of, usually in its original form, in rivers and seas and poses a serious threat to the environment.

Now, though, Someya Shoten, a company that collects and recycles oil in Tokyo, has managed to change old vegetable oil into a fuel similar to diesel.

It says that 60 cars are running on the fuel in Tokyo and that it is producing about 1,000 litres a day.
It got the idea of making bio-diesel after it heard of a similar experiment in the US with clean cooking oil produced from

soy beans. "We thought we might be able to do the same with old cooking oil and started experimenting." says the company.

After removing impurities and various food particles, alcohol and catalysts are added to cause a chemical reaction.

The bio-diesel oil produces just one-third of the black smoke caused by ordinary diesel and does not make any sulphur

dioxide. But while the company sells the oil, which is suitable for cars with standard diesel engines, at Y80 (50p) per litre, bureaucratic red tape is blocking any further

increase in use. The problem stems from the fact that fuels are the responsibility of the Ministry of International Trade and Industry, whereas Someya's bio-diesel comes under the jurisdiction of the Ministry of Agriculture, just like all cooking

The Ministry of Agriculture says that at present it is carrying out a study of ways of permitting the bio-diesel to be designated as a normal fuel.

Meanwhile, a group of five companies based in Ibaraki, north of Tokyo, have developed a cheap and easy way to dispose of unwanted styrofoam with used

Until now disposal has been

apanese companies looking for ways to dispose of used costly as the sheer bulk has led to high transport costs. On top of that, turning the material into fuels and other substances with various acids and heat in specialised processors and plants has required costly technology and equipment.

Now the five companies have answered the pleas of construction companies, which use large

'Hot cooking oil is slightly dangerous. but housewives and restaurant cooks do use it everyday

amounts of styrofoam in the transport of materials, to change it into a solid fuel by in effect

"deep frying".

One member of the group, Atom
Engineering, which is a small electric-machinery company, says that since styrofoam is 90 per cent air and shrinks when exposed to heat, it tried hot water and air to

reduce its bulk.

Eventually it discovered that water, which only boils at 100°C, was not hot enough while using hot air proved too dangerous a

process.

"Hot cooking oil is slightly dangerous, but housewives and restaurant cooks do use it everyday," says the company.

It developed a portable disposal unit, similar to a chip-pan. When placed in hot cooking oil at about 150°C, the styrofoam shrinks and becomes a gel-like substance that sinks to the botton

of the machine. After cooling, this turns into an efficient fuel that generates only slightly less heat than that

produced by kerosene The fuel can be used in a special boiler, and since the group launched the device last June, it has sold nearly 3,000 units, costing

Y489,000 each. Now it is developing a larger model that can process more than

1 ton of styrofoam a day. Atom Engineering says its employees are assisting the development effort by supplying used tempura oil from their own



INVITATION TO BID

1 The Hungarian Privatisation and State Holding Company (hereinafter: Caller or APV RL) /H-1133 Budapest, Üjpesti rakpart 31-33, invites a one round open tender for purchase of the state owned shares of Altalanos Ertekforgalmi Bank Részvénytársaság (General Banking and Trust Co. Ltd., hereinafter: "Bank") /H-1055 Budapest, Markó u. 97.

Issued capital of the bank: HUF 1,000,000,000 Equity of the bank: HUF 2,218,209,000

Ownership structure:

APV Rt: 50% CEDC.: 50%

2. Only financial institutions can validly bid for a stock of 50% of the Bank's issued capital with par value of HUF 500,000,000 indicating the bidding price reaching at least the par value.

3. The limit price of the block of shares: HUF 500,000,000.

The bidder shall also undertake to increase the bank's issued capital by a minimum of HUF 3 billion until December 31, 1996

4. Bids shall be submitted to the address specified below in closed unmarked envelopes in seven copies in Hungarian. Bids shall be submitted in person or by a proxy in the presence of a notary public within the specified time. The following text must be written on the envelope:

_ÁĖB Rt"

5. The bidder shall mark the original copy with the inscription "EREDETI". If the bidder fails to do this, the Caller will choose one from the copies submitted which further on will function as the original. Should there be any discrepancies among the copies the copy so marked shall rule.

6. Deadline for submission:

May 12, 1996, between 12.00 and 14.00 hours

Place of submission:

ÁPV Rt. H-1133 Budapest, Újpesti rakpart 31-33. 8th floor, room 802

The purchase price is to be paid in cash in a single lump sum.

Compensation vouchers, E-credit, payment in instalments and other payment preferencies cannot be used. Foreigners can only bid in currencies accepted as convenible by the National Bank of Hungary (MNB), taken into account by the Caller at the effective foreign exchange middle rate officially published by MNB at the time of the submission deadline. Further conditions and requirements are included in the detailed tender invitation.

8 Bidders shall undertake to maintain their bids for 60 (sixty) days from the submission deadline.

9 To prove their intention to purchase hidders shall pay an amount equivalent to 5% of their hidding price as retention money to the account opened for this purpose by APV Rt. with MKB (Hungarian Foreign Trade Bank) specified in the detail tender invitation. The Caller shall dispose of this amount in line with the rules on retention money.

10 Following the evaluation the final decision is taken by the Caller. The Caller reserves the right to declare the tender 11. The information memorandum, containing the detailed tender invitation and the major economic data prepared by the Bank

constitute an integral part of the present tender invitation. The purchase of the information memorandum for HUF 30,000 + VAT is subject to submitting the hids. The information memorandum can be purchased at the Customers Service of APV RL (H-1133 Budapest, Uppest) rakpart 31-33.) against a declaration of confidentiality

12 Information on the tender can be obtained from:

Dr Zsolt Szakaly APV RI

H-1153

Budapest, Uppesu rakpart 31-33. 7th floor, room 725.

Fax.: (36-1) 267-6041

Information on the major data and characteristics of the Bank can be obtained from Dr. András Huszty

General Manager Általános Értektorgalmi Bank Rt

H-1055 Budapest, Marko u. 9. Tel.: (36-1) 269-1470

Fax.. (30-1) 209-1440

ÁPV RT. HUNGARIAN PRIVATISATION AND STATE HOLDING COMPANY

Notice of tenders for shares of two companies within the Hungarian electricity industry

The Hungarian Privatisation and State Holding Company (APV Rt., H-1133 Budapest, Újpesti rakpart 31-33., Hungary) hereby gives notice of one round open tenders for the following:

 Tiszai Erőmű Rt. (Tisza Power Plant Limited), H-3581 Tiszaújváros, Jedlik Á. u., Hungary – 80,81% of the Ordinary Shares, with a nominal value of HUF 28,076,550,000, together with an obligation to purchase such additional number of shares (maximum 15% of the Ordinary Shares) as are not taken up by employees pursuant to specific rights of the employees to do so.

Tenderers are required to have consolidated shareholder funds of a book value equivalent to at least HUF 17,271,110,000 and are required to have adequate experience in operating hydrocarbon-fired power plants and to own power plants with an aggregate installed capacity of at least 1,281 MW.

11) Budapesti Erőmű Rt. (Budapest Power Plant Limited), H-1117 Budapest, Budafoki út 52., Hungary - 73,76% of the Ordinary Shares, with a nominal value of HUF 10,597,350,000, together with an obligation to purchase such additional number of shares (maximum 15% of the Ordinary Shares) as are not taken up by employees pursuant to specific rights of the employees to do so.

Tenderers are required to have consolidated shareholder funds of a book value equivalent to at least HUF 5,982,730,000 and are required to have adequate experience in operating gas-fired power plants and to own power plants with an aggregate installed capacity of at least 127 MW.

Key conditions of the tenders include the following:

settlement of the purchase price shall be in a single lump sum in US dollars;

tenderers will be obliged to accept various existing employment policies of the companies;

bids must be valid for a period of 120 days from the bid submission date; tenderers will be obliged to submit tender security with the bids in the form and amount specified in the tender

rules which will be included in the information memoranda; tenderers will be obliged to submit brief business and employment policy plans;

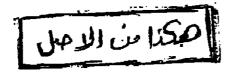
tenderers will be obliged to submit in person five copies of their bids in both English and Hungarian (as specified in more detail in the tender rules) in a sealed unmarked envelope at the time and place set out below:

> Thursday, 30th May, 1996 between 14.00 hours and 16.00 hours ÁPV Rt. H-1133 Budapest, Újpesti rakpart 31-33. 8th Floor, Room 808

bids will be submitted in the presence of the notary public and a receipt will be issued as proof of delivery, and

the issuer reserves the right to declare one or more tenders unsuccessful and not to enter into a contract with any tenderer.

Parties interested in either of the above companies should request by fax from Mr Béla Künszler, Managing Director, APV Rt. (Fax: 36 1 266 1934) the form of the agreement to confidentiality which they must submit prior to becoming eligible to collect the information memoranda. Interested parties should write providing the name of their organization, the name, fax number and telephone number of the individual responsible at that organization and whether the organization is interested in Budapesti, Tiszai or both. Three signed original versions of such agreement in respect of each of Budapesti or Tiszai, depending on the interest of the party should be sent or delivered to Mr Künszler at the APV Rt. at the above address. Parties which have correctly submitted the agreement to confidentiality will be notified by fax that they will be eligible to collect the information memoranda for the company in respect of which they have submitted the agreement to confidentiality from the Customer Services Office at the APV Rt. at the above address from 15.00 hours on Monday, 15th April 1996. Procedures to be followed in order to gain access to data rooms will be set out in the information memoranda.



t is nearly 40 years since the mar-

riage of Japan's then Crown Prince to a beautiful commoner, Michiko

Shoda, captivated the Japanese pub-

lie and inspired millions to invest

Five years later, in 1964, the Tokyo

attract large audiences to the tube, much

has changed since those early days when

television in Japan had the power to

enthrall simply by presenting events as

Today, talk shows, game shows, histori-

cal drams and soap operas dominate the schedules. Television in Japan seems to have outlived the role, offered by docu-

mentary and drama, of capturing memo-

rable moments, providing moral inspira-

they were captured on camera.

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nese living rooms.

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Television in Japan

ARTS

Cherry picking the headlines

Olympic Games were to ensure that the TV commanded the prime spot in Japation or depicting far-reaching social compete to answer questions of extraordi-While royal drama and world-class sports competitions still manage to

Its main purpose today is innocuous diversion. This, after all, is a country where the evening news in early April regularly starts the bulletin with an update on where the cherry trees are in

full bloom. The quiz show which, literally trans-lated, calls itself "Magical Brain Power", last month drew in nearly a third of all viewers in a country with a population of

nary simplicity (examples include spotting the differences between two pictures, and so on) under pressure of

Whether the show's appeal is the spectacle of celebrities such as George Tokoro, a comedian known for his sharp wit, being reduced to the level of a child, or the ability of just about anyone to join in and get most of the answers right, its popularity is undeniable.

Ninzaburo Furuhata, a detective series featuring a Columbo-like character who

solves not-so-puzzling mysteries, has also been a big hit, with ratings of nearly 27

Like his cigar-puffing western role iodel, Furuhata is a soft-spoken, modest character quite unlike the cursing, daredevil agents of law and order usually favoured by Hollywood. His criminal adversaries are hardly more monstrous than those confronted by the Hardy

Producers, aware of the stresses of modern life, seem unwilling to tackle any issues that might make demands on their

feelings and intelligence.

Whether it is a cookery programme or a historical drama, there is a strong appetite for grandiose props and stunning visual effects, which can end up attracting more attention than the main subject

Take Hideyoshi, a historical drama produced by NHK, the Japanese equivalent of the BBC. The story of Hideyoshi, who rose from bumble origins to become the warlord who would complete the unification of Japan, is familiar to everyone who has

been through the Japanese educational

NHK's dramatisation of Hideyoshi's life has been the top-rated programme since it went on air in January. But the programme's success is attributed mainly to the popularity of the main actor and the dramatic impact of fast, loud, gruesome scenes and unconventional language rather than anything about the hero or

his life story. Further clues about the degree of mental and emotional commitment required to make the most of Japanese television are provided by the latest TV sets, which allow viewers to watch several programme simultaneously on the screen While intended as a menu from which to choose a desired programme, the function saves many people the trouble of even bothering to change channels.

Michiyo Nakamoto

Theatre/Sarah Hemming

Life and art in 'The Last Romantics'

Irst the good news.

After the thin gruel of After the time serviced and Me, the misguided farce which opened at the Royal Court last week, his The Last Romantics, which has just opened at Greenwich Theatre, is an altogether meatier piece about life and art.

Williams' comedy, originally a television play, explores ideas about literature and its relevance to the changing world through academics F. R. Leavis and Sir Arthur Quiller-Couch.

The whole play is encapsulated in a complex - rather cumbersome - structure of flashback within flashback. We are introduced to the subject by Tulloch (Tony Curran), an erstwbile Cambridge University student, who reminisces about an afternoon in the company of the Leavises that pinpointed the whole debate. Flashback to the afternoon in question: it is 1968, revolution is in the air, unrest on the streets, and in Leavis's living room Tulloch is fumblingly reciting a bad essay about Wordsworth. But while he and his disagreeable anarchic fellow student Costain (Ian Shaw) chide the elderly Leavis over the irrelevance of literature, we are privy to further flashbacks, which spirit Leavis back to his youth and the occasion he crossed swords with Quiller-Couch ("Q" in the play), first professor of English at Cam-

bridge, on a similar issue. The centre of the play is a raging quarrel between the two academics over Leavis's thesis. Leavis, having been through the first world war, maintains that TS Eliot's The Wasteland is the only appropriate response to the futility of the war. Q who lost his son in the war, rejects the idea that his death was futile and insists art should be beautiful. So, it seems we arrive at the central issues of the play; does literature strike at the fundamental issues of human existence? And does each generation have to overthrow the previous generation's answers for themselves? For while Leavis rejects Q's attitude, he seems to have imprisoned himself into an ivory tower by the time Tulloch comes to study.

I says seems, because the Custrating aspects of the play

are that we never get far in

this debate and that the characters do not have much depth beyond being co-opted into representing various sides of the argument. There are compelling performances in Matthew Francis's production from Mark Kingston as Leavis and Robert Langton Lloyd as Q. Langton Lloyd is all charm and self-effacement, Kingston a touching portrait of a man in whom a once raging fire has burned down to a glow. But you never quite believe the academic weight of these men, and what the play fails to do is to convince you of the immense importance of litera-

ture to the Leavises. More limited still is the characterisation of Queenie, Leavis's wife, drawn simply as an embittered old woman; this elicits a strained performance from Maggie Steed, who growls into her boots as if she were aiming at portraying Lady Thatcher with a bad cold. It is hard to credit too that a student with so slim a grasp of English as the odious Tulloch would find a place at Cam-

The play abounds in droll humour and witty lines, and the subject itself is compelling. But you feel as it you have witnessed a small spark where really a blazing conflagration was called for.

At Greenwich Theatre, London SE10 until May 4.



Maggie Steed: growls into her boots in 'strained performance'

Scots tell a tale of human bondage

Theatre

David Murray admires the naturalism of a play which carries the audience back to a harsher era

ince Sondheim's Company moved up and away, the Donmar Warehouse has played host to four productions from the regions: Cornwall, Ireland, Wales and now Scotland. Sue Glover's Bondagers, first produced by the Traverse Theatre for Glasgow and Edinburgh some five years ago, is an oddly satisfying, rather beautiful piece. Traverse is taking it around the world; perhaps Budapest and even Toronto will enjoy the benefit of sur-titles or a voice-over translation - which would have been a help in London too, given the broad Scots dialect of the text. The scene is defined only by a broad earth floor, a wall'slength of antique farm tools and four large wooden boxes

which are trundled about to serve many purposes. Paule Constable's varied, imaginative lighting is a constant asset with this simple set. The action takes place on a large farm on the Scottish Bor-

ders in the early 19th century. We watch six women through several seasons there. For years they have all been "bondagers": female labourers wives, sisters or just workmates - whom every "hind", a man hired for a year's farmwork, must bring with him. Five of them are still that, but the sixth, Ellen (Rosaleen

Pelan), has made a lucky marriage with the Maister. Now she wears good clothes and tight stays, and in her narrative stretches, which are the longest ones, her accent veers toward Edinburgh. This is manna for most of us, present-ing blessed patches of intelligiwise very "braid" indeed. Since the play combines

strongly rural accents with dense glossary in the pro- nocturnal high-jinks, a few tional. For all Glover's dedi- It may be wrong to single out iat Scots dutas conscientiously archaic vocabulary, for a long while we might as well have been listening to Hungarian. The mere Brown's staging had developed possession of Scottish genes, as I found, was of little use. (Do not preen yourself for knowing what neeps and tatties are – go early enough to study the

ne.) Will growing 120 iarity, however, the linguistic mists parted little by little. Long before this stage Ian a confident rhythm, from the jaunty choristers'-razzmatazz at the start through the swift vignettes that followed: collec-

tive labour, intimate moments,

lasted we found ourselves drawn into a plausible world and, enlightened by the contact, often moved. The slightly discouraging contours of the "poetic" documentary-play melted gracefully into plain,

Kathryn Howden (centre) as Tottie is poignant and artful; she is part of a first-rate cast in Glover's humane and unsentimental look at bonded labour on a Scots farm

laconic naturalism. The play may be strictly fic-

cated research, the facts "typical" moments that the feminist playwright has chosen to highlight may be ones that tickle late-20th-century fancies, untypical of any average day's concerns back then. Yet it is humane and unsentimental, fetchingly produced, and honestly acted by a first-rate cast.

Kathiyn Howden's Tottle, in simple-minded girl who inevitably gets seduced and abandoned, but her rag-doll manners are no less poignant than artful. I admired Bondagers beyond expectation.

At the Donmar Warehouse, London WC2 until 6 April.

Music/Richard Fairman

Vienna Philharmonic tampers with tradition

in Vienna, but a few cracks are starting to appear in the old facade. After years of associating itself with a safe coterie of eminent conductors, the Vienna Philharmonic has become more adventurous: there have been recordings with John Eliot Gardiner, and more recently the orchestra is said to have been excited by its first concert with Roger Norrington.

Both men have origins in the early music movement. The modernist Pierre Boulez is at the other end of the spectrum. With the exception of later Strauss and the occasional piece of Schoenberg or Berg, the Vienna

Philharmonic's core repertoire has been reluctant to admit much from the 20th century. It is not surprising therefore that Boulez played little part in the orchestra's life until recently, making his first appearance at a Vienna Philharmonic subscrip-

tion concert in 1994. Now he is over 70, however, Boulez no doubt qualifies for the orchestra by virtue of being a grand old man of sic. The programme for his Royal Festival Hall concert on Sunday - the second in this year's series of three visits by the Vienna Philharmonic looked like a compromise. The first half featured Haydn, a composer one would have thought was a stranger

to Boulez, and the second Mahler, because the Mahler was to require whom the orchestra famously resisted for so long.
At the interval the score was one-

nil to the orchestra. There was so little of interest in the performance of Haydn's "London" Symphony No 104 that plenty of time remained to look around and admire the cool, vibrato-free playing of the first flute violins. Boulez would not seem to have much feel for Havdn: the dramatic pauses in the minuet came out as empty spaces in which to count the beats, although the finale did find more pace and punch.

If the Haydn was effete, it may be

Swenson, Jane Bunnell and

New York State Theater

Tel: 1-212-875-5570

■ NICE

PARIS

Musée du Louvre

Tel: 33-1 40 20 50 50

Nouvelles acquisitions du

Décartement des sculptures

exhibiting an overview of its

Département des sculptures is

(1992-1995): for the fourth time the

acquisitions of the past four years.

countries using various materials.

The exhibition includes works by

Gilles Guérin and Canova; from Apr

On show are 37 works from different

EXHIBITION

CONCERT

Apr 5

Francisco Araiza; 8pm; Apr 4, 8

· Attila: by Verdi. Conducted by

Guido Aimone and performed by the

New York City Opera; 8pm; Apr 4,

Opéra de Nice Tel: 33-93 85 67 31

Nice: with conductor Diego Masson

and the Choeur de l'Opéra de Nice

perform Stravinsky's Symphony of

Psalms and Poulenc's Gloria; 8pm;

Orchestre Philharmonique de

necessarily a bad thing. Too many other conductors simply play the Fifth for extremes in order to show off their orchestras' virtuosity. Under Boulez the symphony was never a mere showpiece. The first two movements plunged into serious musical argument: the measured

reserves of strength and determina-

tion. The last time the Vienna Phil-harmonic came to London with Mah-

ler's Fifth Symphony the conductor

was Leonard Bernstein, who gave a

performance drunk on the intoxicat-

ing emotions of Mahler's music. Rou-

lez is always sober by comparison,

though in this symphony that is not

gravity to the first; the second resisted the temptation to indulge neurotic exaggerations. He refused to let the famous adogietto wallow, and, with equal disdain for theatricality, sped through the climactic brass chorale of the finale; Boulez's Mahler is not the kind to live from moment to moment. This was a performance of strength and discipline - one of the more distinguished the Vienna Philharmonic has brought in recent

The final Vienna Philharmonic London concert this season is on May 10 at the Royal Festival Hall.



BERLIN

MUSICAL Metropol-Theater Tel: 49-30-202460 West Side Story: by Bernstein. Conducted by Günter Joseck and performed by the Metropol-Theater. Soloists include Christophe Reiche, Alexander Kerbst and Paul Arenkans; 7.30pm; Apr 4, 5

■ CHICAGO

THEATRE The Goodman Theatre Tel: 1-312-443-3800 A Pirate's Lullaby: by Jessica Litwalc Directed by Susan V. Booth. The cast includes Cynthia Orthal. ann Whitney, Paule Killen and Lusia Strus; Mon Apr 8: 7pm, Tue-Thu, Sun 7.30pm, Fri, Set 8pm, Sat, Sun also 2pm; from Apr 8 to Apr 28

■ DRESDEN

Sinheleche Staatsoper Drestien Tet: 49-351-49110 Wattraud Meler: accompanied by

pianist Nicholes Carthy. The soprano performs songs by Berg, R. Schumann, Wagner and Mahler;

■ FRANKFURT

CONCERT Alte Oper Tel: 49-69-1340400 Bengt-Ake Lundin: the planist performs works by Mozart, De Frumerie, Liszt, Ravel and Rachmaninov; 8pm; Apr 4

POP-MUSIC Glasgow Royal Concert Hall

■ GLASGOW

 ELO part II: a show by this orchestral rock band featuring both old and new material; 7.30pm; Apr 5

LONDON

CONCERT Purcell Room Tel: 44-171-9604242 The Parkhouse Award Prizewinners Concert violinist Hanna Weinmeister and planist Lora Dimitrova perform works by Mozart, Webern, Brahms and Bartók; 7.30pm; Apr 4 Queen Elizabeth Hali Tel: 44-171-9604242

 The London Orpheus Orchestra: with conductor James Gaddem, soprano Beryl Tucapska, contrato Severly Mills, tenor Wynford Evans, bass lan Caddy, organist Leslie Pearson and the London Orpheus Choir perform works by Mozert and Salieri; 7.45pm; Apr 4 Royal Albert Hali Tel: 44-171-5898212

Royal Philharmonic Orchestra:

with conductor Vernon Handley and cellist Stephen Isserlis perform works by Elgar and Rachmaninov, 7.30pm; Apr 4 Royal Festival Hall Tel: 44-171-9604242

Messiah: by Handel. Performed by The London Philharmonic and The London Philharmonic Choir. conducted by David Angus, Soloist include soprano Pippa Daly, alto Ruby Philogene, tenor Andrew

■ MUNICH MacKenzie-Wicks and bass Neal Davies; 7.30pm; Apr 4 **OPERA** Nationaltheate Tel: 49-89-21851920 The J. Paul Getty Museum

LOS ANGELES EXHIBITION

Tel: 1-310-459-7611 Doris Ulmann: Photography and Folklore: exhibition devoted to photographer Dons Ulmann (1882-1934). The display features 48 photographs, including portraits. landscapes, still lifes, and architectural studies that span the period from 1916 until the early 1930s. Drawn from the museum's holdings, with loans from the New York Historical Society, the exhibition contains some of the few surviving visual records of several rural communities, reflecting the artist's contribution to the trend in the 1930s to preserve American folklore; from Apr 9 to Jul 7

■ LUXEMBOURG

Théâtre Municipal Tel: 352-470895 Les Grands Ballets Canadiens;
 perform Morris' Quinconci to music by Donizetti, Forsythe's Unlicht to music by Mahler, Nacho Duato's Ressemblant to music by Toto

Bissinthe and Kylian's Sinfonietta to music by Janacek; 8pm; Apr 4, 5, 6

LYON CONCERT

Audītorium Tel: 33-78 95 95 95 Boris Berezovsky: the pianist performs works by Rachmaninov. Meditner and Ravel; 8,30pm; Apr 4

 Il Barbiere di Siviglia: by Rossini Conducted by Marco Guidarini and performed by the Bayerische Staatsoper. Soloists include Marita

Knobel, Enric Serra and Edita

■ NEW YORK

Tel: 1-212-362-6000

Gruberova; 7pm; Apr 6

MOMA - Museum of Modern Art, New York Tel: 1-212-708-9400 Come Sunday: Photographs by Thomas Roma: this exhibition of a new series of photographs by Thomas Roma (b. 1950) features approximately 80 black-and-white photographs made between 1991 and 1994. The exhibition is drawn from a larger body of photographs made during more than 150 services in 52 African-American Christian churches in Brooklyn; from Apr 4 to Jun 18 **OPERA** Metropolitan Opera House

Roméo et Juliette: by Gounod.

Conducted by Edoardo Müller and

Opera. Soloists include Ruth Ann

performed by the Metropolitan

■ ROTTERDAM

EXHIBITION Museum Boymans-van Beuningen Tel: 31-10-4419400 Franse Glaskunst 1890-1940: exhibition of some 120 places of

is housed in the Kunstmuseum

French glassware from the collection of the Glasmuseum Hentrich, which

during the Art Nouveau and Art Deco movements and include works by Emile Gallé, Daum Frères, Emest Léveillé, François Décorchemont,

Düsseldorf. The exhibits were made

■ STOCKHOLM OPERA

Kungliga Teatern - Royal Swedish Opera House Tel: 46-8-7914300 Die Fledermaus: by J. Strauss. Conducted by Sixten Ehrling and performed by the Royal Swedish Opera; 7pm; Apr 4, 6, 8 (9.30pm) , 10 (7.30pm)

■ VALENCIA

CONCERT Palau de la Música i Congressos Tel: 34-6-3375020 Orquesta de Valencia: with conductor Manuel Galduf, soprano Estrella Estévez and bass Miquel Ramon perform works by J.S. Bach, Handel and J.S. Bach/Markevich; 7,30pm; Apr 4

VIENNA

OPERA Wiener Staatsoper Tel: 43-1-514442960

 Parsifal: by Wagner. Conducted by Asher Fisch and performed by the Wiener Staatsoper. Soloists include Marjana Lipovsek, Franz Grundheber and Kurt Rydi; 5pm; Apr WORLD SERVICE BBC for Europe can be received in western Europe on medium wave 648 kHZ

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10.00 European Money Wheel

Financial Times Business

Ian Davidson

Close to the crossroads

Given the uncertainties over the future military role of Nato, it is extraordinary that the allies are planning the admission of new members from eastern Europe

It has become a ritual chant of according to an intelligence assessment by the US Defence western leaders: despite Russian protests, the east Euro-Department, the prospects of a pean countries must and will viable, unitary Bosnia after a Nato withdrawal are "dim". become members of Nato.

Warren Christopher, the US So when the 12 months are secretary of state, went to up, the alliance will face a Moscow to tell the Russians critical moment of truth. Will so: he was followed by Javier Solana, Nato secretarygeneral: and last week Douglas Hurd, former UK foreign secretary, added his voice. What western leaders do not tell us is what kind of shape Nato will be in by the time the

Either way, the choice could be traumatic for the alliance. east Europeans get to join. After the end of the cold war, many questioned whether the Atlantic alliance could find a new military strategy, or even a new common political purpose. for Europe and America to work together. These doubts were reinforced by the deep and persistent policy conflict between Europe and the US towards the war in Bosnia. The Dayton agreement, and the despatch of the 60,000-

strong Implementation Force (IFOR), seemed to promise a Initial hopes of better future, and a vindica-tion of the idea that Nato is still the irreplaceable instrua brave new ment of western military seculease of life rity. But these initial hones of a new lease of life for Nato are for Nato are already beginning to look premature and overstated, and may prove shortlived. The US has said that it will withdraw its troops from Bosnia after 12 months, which means next December; and the

the Europeans really with-draw their troops, like the Americans, regardless of the danger that war will break out again on Europe's doorstep? Or will they stay on, and take over a responsibility that the Americans reject?

If war resumes, Europeans will blame the US for brutally sacrificing peace in Bosnia to President Clinton's electorallydetermined 12-month deadline; but if the Europeans stay on to keep the peace alone, it would be difficult to avoid the inference that the US-European split on Bosnia was looking dangerously like a parting of the ways.

If the choice is peace or war,
my hunch is that some Euro-

already beginning to look premature and overstated, and may prove shortlived

pean governments would want for alien purposes, one must to stay to give peace a chance - at least for a while. But it is not clear how easy it would be to take over the military tasks of enforcing the ceasefire.

The international force depends crucially on integrated Nato assets, such as headquarters, logistics and communications, as well as on military facilities, such as heavy airlift capacity and intelligence, which only the US can currently provide.

As it happens, Nato has been wrestling with the theo-retical principles of this kind emma for two years, so far without a conclusion. After the end of the cold war, everyone could see that Europe might face security threats which did not necessarily concern the US. So the allies have been debating whether the Europeans could use parts of the Nato machine, under the title of Combined Joint Task Forces (CJTFs), without the US being involved.

The unresolved problem is

how to secure US acquiescence in a European operation using Nato facilities which are partly American, without giving the US a veto over it. Nato officials soothingly say that this circle will be squared at the Nato summit in June. Yet it is hard to believe that conflicts of interest, affecting questions of peace and war. can be comfortably resolved by a process of sub-contracting. If Nato is vital for America's security, the US will not, and should not, allow essential parts to be detached for purposes over which it has no control Alternatively, if the US is prepared for essential

parts of Nato to be detached

deduce that Nato is ceasing to be essential for US security.

Some European governments, including France and Germany, call for a stronger European defence identity inside Nato. But in practice this seems to be a demand for the best of both worlds: a continuing US security guarantee, combined with more security independence for Europe on the cheap.

Given these fundamental

uncertainties over whether

Europe and America share enough common purpose to sustain the military role of the Atlantic alliance in an unpredictable future, it is extraordinary that the allies are still marching inexorably towards the admission of a raft of new mbers from eastern Europe. One can see why the east Europeans want to join: they want protection from the Russians. It is not so easy to see what the present Nato mem-bers think they can offer to the east Europeans.

If Nato is vital for America's security, the US will not allow essential parts to be detached for purposes over which it

has no control

It is all the more difficult to see ahead when the campaign for Nato expansion is stirring up fierce anti-western senti-ment in Moscow, and may play into the hands of extrem ist nationalists in the Russian presidential election in June Warren Christopher's reassur ances do no good: the Russians can see that Nato enlargement will be a massive shift in the balance of power to their disadvantage.

"Why does Nato enlarge ment pose a problem for Russia?" asked Mr Karl Lamers foreign policy spokesman for the CDU party which leads Germany's ruling coalition. Last October, he said: "Its [Russia's] point of reference is of course, not the European members of the Alliance but America, which Russia secretly admires but also secretly fears." The solution to this prob

lem, for Mr Lamers, is the development of a strong Euro-pean defence system, and a corresponding transformation of Nato. "The alliance," he says, "will survive in the long term only if it is transformed into an alliance within which Europe forms an effective and efficient unit, and only if the trans-Atlantic partnership addresses the global challenges which confront Europe and America alike. But if this is to be achieved, Europe must

make a huge effort..." Instead, what we see is steady cutting of defence bud-gets all round; and rigid Brit-ish insistence that there is no need for any serious European defence identity. Which means that the choices, as December approaches, will be all the

cussion of the future of our

these lessons fully into

account. Europeans must be

able to act far more forcefully

and coherently than in the

past - and must be prepared to

face the institutional implica-

tions of this across the entire

range of instruments available

for the conduct of diplomatic,

economic and military relation-

One of the lessons of my

year dealing with Bosnia has been that no European nation

acting alone can achieve what

European countries might be

able to do together. There is

scarcely any such thing any

more as a national foreign pol-

But the failure in Bosnia

before the deal struck in

autumn 1995 was as much the

failure of the transatlantic

relationship, as of Europe or the US individually. There

could probably have been peace far earlier, on roughly the terms we see now, if there

had been unity of policy and

coherence in action across the

Success and failure in Bosnia

will have a big impact on how Europeans and Americans face

all future challenges. The

break-up of Yugoslavia was the

first crucial test for the new

world order that was supposed

to be established. We must

urgently learn the lessons from it if we are to be more success-

ful in future. And, in the pro-

cess, the EU must understand

that it will have to remain

committed to the security and

stability of this part of Europe

for the foreseeable future.

icy that is truly effective.

ships between nations.

·LETTERS TO THE EDITOR.

Number One Southwark Bridge, London SE1 9HL We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'), e.mail: letters.editor@ft.com Translation may be available for letters written in the main international languages.

Imbalance creating crisis in EU

From Mr Vernon Bogdanor. Sir, In their Personal View ("A duty to be demanding" March 29), Klaus Kinkel and Hervé de Charette call for reforms to reinvigorate European institutions which are, they believe, threatened with "paralysis".

The crisis facing the European Union, however, derives not from an imbalance in its institutions, but from an imbalance between its institutions and the people The continuing fall in turnout for elections to the European parliament – from 62 per cent in 1979 to 56 per cent in 1994 together with the outcomes of the Danish and French referendums on Maastricht in 1992, suggest increasing alienation from the European ideal. Europe's leaders have done much to counteract the democratic deficit. They need now to overcome this popular deficit, which will otherwise prove a serious obstacle to Epropean Union.

One way of achieving this would be by following the logic of Article 158 of the treaty to its conclusion and rendering the Commission fully responsible to the European parliament. That would make elections to the parliament genuinely meaningful; they

would become in effect elections for a European executive. But Europeans must also be allowed to play a more direct role in governance of the Union. That could be done by amending the treaty to make future treaty amendments subject to referendum.

Europe's leaders need to give urgent attention to constitutional issues of this kind if they are to rescue the European ideal from the slough of despond into which it has fallen

Vernon Bogdanor. Brasenose College, Oxford OX1 4AJ, UK

Emu hovers

From Mr A. Latham-Koenig. Sir, Your excellent lead "Making the EU work" (March 29), states quite correctly that the intergovernmental conference will not touch economic and monetary union. But isn't it inevitable that Emu, like Banquo's ghost, will hover over the conference and influence negotiations?
One could in fact argue that

the probabilities for success or failure for the single currency - a decision on which is not due before early 1998 - will nevertheless determine the outcome of the IGC. For the prospect of success for Emu would give such a boost to the European Union that the solution of the institutional and enlargement problems

would be greatly facilitated. If, on the other hand, the single currency project looks like being postponed - which might be tantamount to its burial - then the EU would face perhaps the most critical

situation since its foundation.

Alfred Latham-Koenig, Ernst & Young, Becket House, 1 Lambeth Palace Road, London SE1 7EU

Widespread efforts to build a common foreign and security policy can be meaningful without taking all disgust

From L. Nezis. Sir, It is not only the fear of contracting Creutzfeldt-Jacob disease that is driving consumers away from beef. The revelations about the way in which meat is produced have caused widespread disgust, which is compounded by the prospect of slaughtering and incinerating millions of

animals. realise that, collectively, we have the power to stop the inherent wastefulness of the meat industry. All we have to do is stop buying the stuff.

L Nezis. 3 avenue du Prince-Heritier, 1200 Brussels, Belgium

China ignoring obligations

From Mr Nicholas Garnett. Sir, Exactly one year ago this end the European Union icined the US in what was hailed at the time as a landmark intellectual property protection agreement with China. For sectors such as the recording industry in Europe, the accord appeared to be a real turning point in the battle for the right to invest in the world's single most exciting growth market. In reality, however, it has proved a big disappointment, and one which threatens the credibility of European and American trade

Last year's agreement committed China to a series of measures aimed at opening the way for fair market access for foreign record companies, and at cracking down systematically on a chronic piracy problem. Yet 12 months on, despite some sporadic and no doubt well-intentioned measures by the Beijing authorities, very little has

changed on the ground in New laws supposed to improve market access have fallen far short of what was prescribed: there has been no

promised overhaul of an

inefficient matrix of enforcement agencies: barriers to joint venture investment remain intact, often in the guise of censorship rules; and the best evidence is that the piracy problem - estimated to lose the record industry revenues of \$250m a year

in fact deteriorated. The music and information and entertainment software industries are becoming increasingly frustrated at the lack of real action in China. and they are looking to the European Commission and to the US administration for solutions.

The idea that China should be allowed to ignore international obligations is cause for grave concern going well beyond the interests of these industries. For the one-year old intellectual property agreement to retain any credibility, the EU and US must make every effort to ensure it is properly implemented.

Nic Garnett. director general International Federation of the Phonographic Industry. 54 Regent Street, London W1R 5PJ

opposition to welfare ("the

state as provider is replaced by

Protection from regulation

From Mr Walter Stanners. Sir, In our fast-moving times, when a rightwing presidential candidate takes up the cause of cast-off workers, when a Lib-Dem spokesman is well to the left of Labour on railway nationalisation, and when the chief economist of a Japanese banking subsidiary is heard dismissing Labour's plans for employment, saying that nationalisation and regulation of job tenure would be more relevant, it is interesting to read an FT writer (Philip Stephens: "The dangers of deregulation", March 30/31) on the discovery that regulation in a complex world provides an essential protection, not only for the citizen but for business

the state as regulator"), he does not, it seems to me, recognise that the state needs to be committed both to welfare and to regulation. With stifling regulation (job tenure. nationalisation. . .), there need be no welfare. With none, there would be a choice between welfare and riots. Supposing that we want a reasonable balance, it is difficult to belie that "government may well consume a smaller share of national income", however fashionable that view may be at the moment.

Walter Stanners. 49b Fen End. Cambridge CB4 5NE, UK

Chance for accountants to create strong voice

However, in explicitly

presenting regulation in

From Mr Peter Smith

Sir. I am encouraged by proposals to revamp – as I riginally called for in my letter of February 19 – the Consultative Committee of Accountancy Bodies (CCAB) to give it an enhanced role, particularly in the light of the recent failure of merger talks between the leading

accounting bodies. However, while an expanded role is to be welcomed, to date the CCAB has failed to provide any visible unity in the profession and therefore a mechanism is needed to force a common line. I am not convinced that these proposed changes alone are sufficient to give the profession the united voice it so desperately needs. A vague statement of intent is

I believe that real advances will be made only when the CCAB is opened up to public scrutiny. By adopting a sunshine" policy, allowing a little light to shine into the darker recesses of the committee's deliberations, we will at least see where the real differences exist between the six accounting bodies, and parochial self interest will rapidly be eliminated. This might be achieved, for example, by publishing written summaries on the lines adopted by the chancellor of the exchequer and the governor of the Bank of England for their monthly

meetings. The overriding reason for rationalisation of the

accounting profession is to enable it to speak with one voice to government, to the EC and to other relevant audiences. The present position sends, at best, a confused message and at worst allows the accounting profession's views to be totally ignored. At the moment we have a Tower of Babel when what is needed is the wisdom of Solomon. In a rejuvenated, open CCAB we have a golden opportunity to create greater harmonisation and a powerful, unified voice for the

Peter Smith. chairman. Coopers & Lybrand, Plumtree Court, London EC4A 4HT, UK

Personal View · Carl Bildt

The important lessons of Bosnia the partners of tomorrow. lessons of Bosnia. And no dis-

There is scarcely such a thing any more as a truly effective national foreign policy

European allies have said that

they will leave when the Americans do. But the cease-

fire is offering little prospect

that a durable, self-sustaining

peace will have been estab-

lished by the end of this year:

glancing at television news or newspaper headlines over the past few weeks will appreciate just how difficult the process of building peace in Bosnia is.

After 42 months of the most rate national agendas. oitter and brutal war that Europe has witnessed since 1945, it could hardly be expected that all the fears, feelings and apprehension would disappear overnight. Three months' absence of war has brought but a modest start to the process of reconciliation and reintegration, and has vividly demonstrated how massive the tasks will be for years to come.

The peace agreement concluded in Dayton and signed in Paris is probably the most ambitious document of its kind in modern history. It sets out not only to end the war, but also to reconstruct - on the basis of the highest standards of international law and principles - a society that has been brutally torn apart.

The military force sent in to separate the armies and establish the new boundary line between the Moslem-Croat Federation and the Republika Serbska has now accomplished this task. But the limitations of military power, when it comes to reintegration and reconciliation, are becoming increasingly alone can separate armies, but can never bring the hearts and the minds of politicians and peoples to accept that the

In my function as High Representative for the implementation of the peace agreement, I have two main concerns. The first is funding the costs

of implementing the civilian and economic aspects of the Dayton agreement. While there are generally provisions for military spending in Bosnia in the existing defence budgets of individual countries, all of the civilian and economic efforts need separate funding decisions by separate nation states, operating according to sepa-

I have been encoura the speed with which the European Parliament and the European Commission have moved in supporting my activities and providing quick and substantial aid from EU budgets. Last week's decision by the US Congress to provide a further \$145m for economic reconstruction is also welcome. But it is important that other potential contributors take the opportunity of next week's international donors' conference in

Brussels to match these efforts. My second concern is the will of the parties to achieve reconciliation and reintegration. Without their will and participation, there will always be limits to what the international community can do with limited resources and within a limited timetable.

So far. I have seen less than enough of that will to achieve the full success of the peace agreement.

The brutal truth is that the unification of Sarajevo has accelerated the division of Bosnia, and that the freedom of movement we have sought to create throughout the territory is challenged almost daily by new checkpoints and by a pattern of arbitrary arrests that enemies of vesterday must be make people fear moving



Carl Bildt: fears about continued ethnic separation and partition

across the boundary line between the Federationcontrolled area and the Bosnian Serb-occupied area. It is particularly provocative to see Mr Radovan Karadzic, the Bosnian Serb wartime leader indicted by the International War Crimes Tribunal, trying to remain in public office.

The conflict in Bosnia is hardly new, and history will most certainly not end with the departure of the Implementation Force at the end of the year. Increasingly, we see the different parties reassessing their positions in the light of their perceptions of what might happen in the longer perspective. Reintegration and reconciliation is most certainly still an option - one we must do everything we can to support. But there is also a danger of continued ethnic separation

and partition.

I am deeply worried by the tendencies in this direction in Bosnia. This could easily be seen as the continuation of a trend that has been apparent throughout this century. But it is a trend that, in the long run, can only bring further conflict to this entire region. It is not for the international

community to seek to rule and

govern Bosnia, but none of us

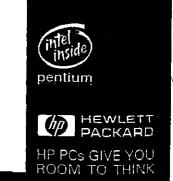
has been, and always will be.

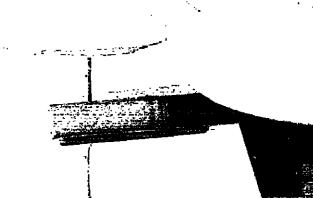
an important part of Europe. We are still in the middle of the process of learning all the

can be indifferent to the prospects for stability and peace in this important part of Europe. Ethnic separation and strife here will impact directly on all European countries, and on the future of Europe's relationships with other important parts of the world. There can be no European "exit strategy" from Bosnia or the Balkans. It

> The author is High Representative for the implementation of the Bosnian Peace Accords.

Dear Editor,...





FINANCIAL TIMES

Number One Southwark Bridge, London SEI 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Wednesday April 3 1996

The EMI, Emu and the G7

Monetary Institute (EMI), embryo of a future European Central Bank, delivered its annual report for 1995. Yesterday also, the conference of the group of seven leading industrial countries on jobs reached its conclusion. The first reminded the world that European monetary union (Emu) remains likely. The second should remind Europe that it lacks the flexibility needed to make Emu work.

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scepticism, particularly in the UK, Emu may well happen in 1999. This is so notwithstanding the EMI's own concerns, particularly over fiscal performance, which it labels "the weakest point of convergence". Since only one country and that Luxembourg - unambiguously met the Maastricht treaty's criteria for fiscal deficits and iebt in 1995, this worry is hardly surprising. The EMI underlines the point by asserting that "in the assessment of the degree of con-vergence achieved, the individual criteria are to be interpreted and applied in a strict manner. The EMI Council intends to express its

views independently." Since the EMI represents the central bank governors, these warnings have some significance. But they are not decisive. The decision on whether or not Emu is to begin in 1999 - and who will then be in it - is a political one.

Fears of failure

The political leaders will be pushed towards saying yes in 1998, when the first members of Emu have to be chosen, by fears of too visible a failure, by the desire to achieve deeper European integration, by the belief that a single market requires a single currency, by German worries about the possibility of still more devaluations against the D-Mark and by French determination to gain a seat at the monetary policy table. The worries of conservative central bankers are, in the event, rather likely

to be brushed aside. take. It has already prepared a plan for the introduction of the operation of a single monetary and foreign exchange policy, on

Yesterday, the European statistics and payment systems, on the design of new notes, on harmonisation of the accounting rules of participating national banks and information and communications systems, on banking supervision and on a number of legal questions.

All of this activity is not just essential if Emu is to happen, but also makes that event more credi-ble. It should be remembered, however, that Emu needs to be more than politically desired and technically possible. It must be economically workable. The subject of the G7 jobs conference -how to achieve job-creating growth, particularly in Europe will be of central importance.

Fiscal consolidation

The EMI argues that fiscal consolidation - with an emphasis on long-term measures to cut Europe's excessive ratios of public spending to gross domestic prod-uct - need not hinder economic growth. That should be true, provided monetary policy takes up any slack and fiscal measures are credible. More important, however, are policies not only to lower Europe's soaring unemployment now, but to allow labour markets to adjust to economic changes in future, within Emu.

President Jacques Chirac of France talked at the meeting in Lille of a third way between US employment-creation, which sacrifices job security, and European job security, which sacrifices job creation. The Czech prime minister, Mr Vaclav Klaus, once talked of the third way between communism and capitalism as the fastest way to the third world. Does Mr Chirac's road lead anywhere more satisfactory?

The answer is that some sensible ideas are being discussed, one being the transfer of more of the burden of taxation from unskilled labour. But the debate within Europe as a whole remains caught between naive pump-priming of demand, a desire to ratchet make the step to Emu easier to higher standards and hesitant acceptance of greater flexibility. These conflicts must be sorted out single currency by no later than - and soon - if an Emu covering 2002. It has also started work on more than a limited number of similar core countries is to be

The road to Singapore

A carefully worded communiqué managed yesterday in Lille to paper over a threatened split between G7 employment ministers over US and French proposals that future trade agreements contain provisions on labour standards. But more than deft last-minute drafting will be needed to avert a much more damaging row if industrialised powers renew these demands at the World Trade Organisation's ministerial meeting in December in Singapore.

Developing countries, which make up most of the organisation's members, object that no clear link has been established between social conditions and trade, and no coherent case made for examining the issue in the WTO. On these points they are unquestionably right. They suspect, also probably with good reason, that the most vocal advocates of action on trade and labour standards are less interested in keeping their markets open than in

seeking pretexts to close them. Developing countries' resentment also reflects a broader concern that the west is trying to stack the WTO's workload with new issues that they perceive to be either marginal or menacing to their own interests. The US, for example, wants the Singapore meeting to tackle corporate bribery and corruption. As well as calling for a debate on labour standards, Sir Leon Brittan, the European Union's trade commissioner, wants the agenda to include global investment rules and competition policy.

Ill-advised

Confronted with this array of demands, the instinctive temptation of many poorer WTO members is to resist discussing any of them. However, such a response would be ill-advised. First, because some of the new issues are considery and closely linked to trade policy, and because the WTO is a proper forum for addressing them. That is certainly true of foreign direct investment. an increasingly important determinant of trade flows. It is also true of bribery, in so far as the problem reflects imperfect competation and lack of transparency in public procurement markets. By accepting such logic, developing countries could argue much more effectively against proposals to drag less worthy subjects, such as labour standards, into the WTO. Another reason why they should adopt a more constructive

approach is that the WTO, to succeed, needs a balanced agenda which meets the interests of all its members. It is true that matters such as investment rules and competition policy are primarily of concern to rich economies. But the sensible response for poorer ones is to be more forceful in tabling demands which meet their own economic needs - and demonstrably serve to strengthen the multilateral trading system.

Faster implementation

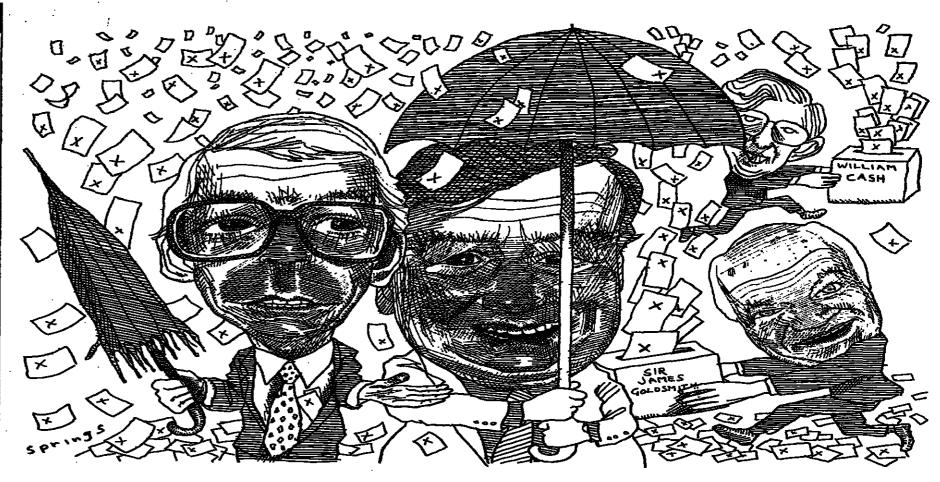
They could begin by calling for faster implementation of liberalisation agreed in the Uruguay Round. On current plans, the US will not start honouring its promise to dismantle textiles and clothing quotas until early next century. The EU has yet to commit itself to a timetable at all. Both powers - above all the EU should be urged to accelerate the liberalisation of agriculture, particularly the elimination of export subsidies. They and other industrialised economies should also be pressed to negotiate stricter disciplines on the abuse of antidumping policies, which too often undermine progress made in dismantling other trade barriers.

Such demands would be harder to resist if accompanied by liberalising action by the developing countries themselves. Many are already lowering trade barriers unilaterally, or as part of wider regional groupings. They should make these measures irrevocable, by "binding" them formally in the WIO. They also need to adopt a more positive stance in the WTO negotiations on liberalising basic telecommunications and in the financial services talks which are

due to resume next year. One of the Uruguay Round's most striking achievements was to engage developing countries for the first time in trade liberalisa-tion. They should look on the WTO's Singapore meeting as a fur-ther opportunity to advance that healthy process.

COMMENT & ANALYSIS

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Referendum for a rainy day

Robert Peston answers key questions about the dispute in the UK over whether the people should vote on a single European currency

pean economic and monetary union are not concepts which excite the British electorate. But they excite near-hysteria in the Tory party and mild panic in the ranks of Labour.

The debate over whether the gov-ernment should commit itself to holding a plebiscite on sterling's participation in a single European currency has come perilously close to bringing down the government. The cabinet, however, after lengthy and bitter arguments, is expected today to promise a referendum. John Major, the prime minister, apparently succeeded yesterday in overcoming the deep-seated objections of Kenneth Clarke, the chancellor, who had been threatening to resign over the issue. Had he gone, Major's departure would prob-

Why all the fuss about a referendum?

The single currency issue is the most hotly debated in the Commons. Tory and Labour Euroscep tics fear that if sterling participated in a single currency, the British government's ability to manage the domestic economy would be severely curtailed. All the important decisions, they say, would be taken by a new European Central Bank and European finance ministers acting collectively.

Monetary union would also involve European countries giving up their respective currencies in favour of a new European unit, the infelicitously named euro. When Eurosceptics address the electorate, their most resonant argument is that no British patriot wants to give up the pound sterling for such a trashy Euro-bauble.

The counter-argument from the Tory left and Labour right is that the UK would be permanently consigned to the status of a second division economic power if France and Germany merged their currencies, but sterling remained outside.

When would a referendum take place? Crucially, the cabinet is not decid-

ing to hold a referendum immediately; it is expected to make a commitment to do so if a future Tory cabinet ever decides to participate

It would not take place until after the general election due by the spring of 1997, since under the monetary union timetable, those countries wishing to join a single currency have to signal their interest only at the beginning of 1998.

That implies that the UK would hold a referendum next year. However, there is doubt that monetary union will take place on schedule, so it may not become a real choice for the UK until the next century.

So who in the government wants a referendum?

If so, why has the commitment not been made already?

Because of opposition from fellow Tories. John Major, unlike his predecessor, Lady Thatcher, rarely bangs the cabinet table to dragoon his ministers into line. He prefers to govern by consensus - which some see as a sign of weakness. He has spent the past month

building such a consensus, by holding bilateral discussions with ministers, including emergency meetings in the past two days with Clarke. He also asked the foreign secretary, Malcolm Rifkind, to write a short paper on the pros and cons of a

Why does Major want it? His arguments are constitutional and party political. The constitutional line is that participating in a single currency would erode national sovereignty and is therefore unlike normal decisions taken by government. It would therefore appropriate to seek ratification

The slightly less respectable - but no less powerful argument - is that submitting the monetary union

only by pledging a referendum can he gloss over the deep-seated split on a single currency which has so weakened his government over the past two years.

He believes that in the run-up to a general election, he will be under enormous pressure to say where he stands on a single currency. A definitive answer is impossible. If he says he is in favour of join-

ing, the Eurosceptics such as Mr William Cash will go berserk, threatening to secede from the party. A commitment to stay out would prompt the pro-Europeans to

Major cannot afford to go into a general election under this cloud of uncertainty. He believes both wings can unite around the proposition that the "people must decide".

But hasn't it also got something to

The billionaire entrepreneur, Sir James Goldsmith, played a role in bringing the issue to the fore. His new Referendum Party is threatening to field candidates in every seat where the candidates of the main parties are not in favour of a European referendum.

A national vote for the Referendum party of only 1 or 2 per cent could make the difference between victory and defeat for the Tories in a the general election, according to a paper by a junior Conservative official.

However the referendum Major wants is different from Sir James's preferred poll. Sir James is arguing that it should cover all the constitutional implications of the 1992 Maastricht Treaty, not simply monetary union. Major has ruled this out, so Sir James will probably not back

Why is the chancellor so opposed to a referendum and what is this about European salami?

Clarke looks at the constitutional implications in a different way. He argues that the sovereignty of parliament would be undermined by

decision to popular assent. But at the root of his reservations are party political concerns. First he fears that rather than stop the battle between the sceptics and pro-

would exacerbate hostilities. "The referendum campaign would begin the moment the commitment is made," said one of his close ministerial colleagues. "The idea that the Eurosceptics would sit on their hands for 18 months is absurd."

Europeans, a referendum pledge

His most fundamental objection relates to "European salami". The dwindling band of pro-Europeans in the cabinet, of whom Mr Clarke is the most committed, constantly reiterate that the Eurosceptics have captured the government "salami slice by salami slice". The chancellor's position is that a referendum pledge would be a "salami slice too

Is Clarke isolated in cabinet? The chancellor has some powerful

supporters, led by Michael Heseltine, deputy prime minister, and also including Sir Patrick Mayhew. Northern Ireland secretary, John Gummer, environment secretary, and Sir George Young, transport secretary.

However, none are quite so committed as Clarke. If there is a cabinet consensus for a referendum, they will concede.

On the Eurosceptic side, Michael Portillo, defence secretary, has until recently been implacably opposed to a referendum, preferring a firm commitment against a single currency. However, he has been rebuilding his damaged reputation as a team player and has decided to agree to whatever the prime minis-

is there no dissent in Labour's front beach team on the issue? Funnily enough, there have been similar tensions in the shadow cabinet. Tony Blair, Labour's leader, had been considering making a firm

referendum pledge, but Gordon Brown, the shadow chancellor, is strongly opposed. Brown fears it would undermine the party's pro-European image.

So Labour has a compromise position: it would only take sterling into a single currency if the decision had been ratified either at a general election or in a referendum. Only the Liberal Democrats are categorically in favour of a referendum.

So will Clarke resign? Probably not, though it cannot be ruled out. Ministers believe he has been placated over the past two days by the prime minister, with the offer of a signficant concession.

The chancellor feared that during a campaign in the weeks before a referendum, ministers would tear each others' eyes out over this most controversial of issues. He rememthat he has been threatening to pute which split the 1975 Labour cabinet before the referendum on European Community membership.

Major has therefore decided that if the cabinet were to decide to enter a single currency, all ministers would be required to abide by the convention of collective cabinet responsibility, and could not therefore argue against the currency in a referendum campaien.

However, that does not mean victory for the pro-Europeans: a Tory government would probably never make the decision to join anyway, since some of those opposed to par-ticipation - probably half the cabinet - would quit rather than sign

So is Major out of the woods? Not quite. Although a referendum is popular with most of his MPs, some are implacably opposed. The veteran of the Tory left, Sir Julian Critchley, has said he would not support the government in a vote of confidence if the prime minister made the pledge. The next task is to sell the decision to the wider world", said one of Major's close friends, "But compared to selling it to Clarke, that should be easy".

BSERVER

A match for mad cows

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Hard work brings its own rewards, though not, it seems, for Gerry Kiely, press spokesman for Franz Fischler, the EU's agriculture commissioner. Kiely's been a great boon to Fischler, and has been pressing to leave the job tough enough, even without mad
 cows - for quieter pastures in Washington. He has his eye on the post of EU agriculture attaché. But Fischler will have none of it.

Just weeks before the onset of media-mad-bovine-syndrome, Fischler ordered him to stay put a real stroke of luck, for Fischler. Single-handedly he mastered some say made up - the Commission's propaganda offensive during the emergency's early days. Some even believe Fischler should have left Kiely in charge; he

certainly knows his patch well enough to be able to speak his nissioner's mind, even before the boss himself knows what's in th Fischier's first public appearance on BSE early last week was a public relations disaster. He seemed to announce the worldwide ban on British beef as a fait accompli, when in fact the Commission had still to decide. The son of a farmer, Kiely cut his teeth on two previous farm

commissioners, and survived major

crises such as the controversial

1992 reform of the Common Agricultural Policy. Moreover, Kiely has won the hearts and minds of hacks by translating complex farm issues. like agrimonetary policy, into simple

Well, Irish. His broad Tipperary accent is just as pronounced when speaking French as English.

Chris stalls

■ When one Chris goes, can the other be far behind? The South African financial

rumour mill, fuelled by the resignation of finance minister Chris Liebenberg, is now busy speculating about the future of Chris Stals, governor of the Reserve Bank. The two had worked harmoniously together, and their speeches often sounded as though they had the same author.

But with Liebenberg gone, Stals's relationship with the new finance minister, Trevor Manuel, is certain to be less smooth. Manuel, the first ANC man to hold the post. is a feisty politician, and very different from the urbane, self-effacing, apolitical banker who preceded him. His first budget, in just under a year's time, is unlikely to be heard in the same respectful silence that greeted the two presented by Liebenberg, during which several MPs dozed off.

Manuel doesn't share Stals's view that the battle against inflation, successfully waged over

the past three years, should take precedence over all other policy issues. And although Stals obviously enjoys his job, there would be no lack of private sector offers, should he decide to go. The smart money is on a Stals resignation – though not for several months.

Push-button panic ■ Fed up with mobile phones

ceaselessly interrupting your otherwise placid existence? A minor problem, compared with that facing officers in the conscript Israeli army. They're worried that the

uhiguztous cell-phone – almost all raw recruits in the armoured corps have one, thoughtfully provided by their anxious parents - is ruining their killer instinct. "Parents equip them with cell-phones and they turn into pathetic soldiers," says one commander.

But progress has been made. At least they can no longer use them while on duty, putting a stop to what happened some time ago, when some squaddies in Lebanon called an Israeli restaurant for pizza, then drove to the border to pick it up.

Deep-fried pitch ■ Hot dogs, peanuts and beer are what you associate with American

baseball. Yet business brains in the

sporting world will try anything to wring money out of their fans. It is to this end that supporters of the San Francisco Giants baseball team could soon find themselves testing the outer limits of ballpark When the season opens at the

Giants' Candlestick Park on April 12, fans are expected to be able to order gourmet dishes such as grilled ahi tuna, smokey prime-cut pork and tomatillos, seared *ancho-chipotle* chicken, or sweet corn and tomatoes in a mild cumin broth.

Twenty-three new dishes have been proposed for the new season, costing \$3.50 to \$6.75. These include old favourites in a new and sexy guise, such as macho nachos. Fans tired of beer may choose instead a glass of chardonnay or cabernet at \$6, or a glass of Guinness pub draught at \$5.75.

Call me an old red-neck, but it all sounds a mite precious.

Rubenesque

■ Rubens Ricupero, Brazil's former finance minister who now runs the UN Conference on Trade and Development (Unctad), wants to trim the fat from an organisation long accused of being flabby. Maybe he's going too far.

A questionnaire distributed at an Unctad seminar in Geneva this week invited comments not just on the quality of the speeches but also "the size of participants".

Financial Times

100 years ago French foreign policy

The first Order of the Day in the Senate was a notice of interpellation on the foreign policy of the Government. M. Biscueil moved the adjournment of the interpellations until after the holiday on the ground that, while a vote of confidence was not necessary to the Ministry, a hostile vote would weaken the Ministry in the conduct of foreign affairs. The motion for adjournment was rejected by 159 against 112.

50 years ago World food shortage

Steps leading to the "present crisis in the world's food supplies" are set out in a British government paper issued yesterday. No early solution to the wheat shortage can be expected. Although some recovery in Europe is likely next season, and a repetition of the severe droughts of 1945-46 is improbable, nearly half the exportable supply in 1945-46 represented stocks accumulated in exporting countries during the war years. These are now down to the pre-war level. The shortage of rice is acute as the shortage of wheat, and supplies are entirely inadequate to meet the needs of eastern countries where rice is the staple food.

British PM wins battle over single currency vote

By Robert Peston in London

Mr John Major, the UK prime minister, is convinced that he has overcome his chancellor's objections to a referendum on joining the European single currency and will this morning urge his cabinet to make a commit-

ment on the controversial issue. The ministerial dispute over the referendum has been one of the most bitter since Mr Major became prime minister in 1990. Mr Kenneth Clarke, the chancellor, had been threatening to resign rather than back a referendum, a move which could have

led to the government's collapse. However there was confidence last night that the decision would be taken by ministers meeting today and that the prime minister would announce a referendum as a commitment in the Conservative party's general elec-

tion manifesto. A referendum would not be held until after the election and only if a Conservative cabinet recommended that sterling should join a single currency.

The concession offered to Mr Clarke is that in those circumstances, Eurosceptic ministers in although one said: "He is not would not be able to argue against a single currency during the referendum campaign

with Mr Clarke over the past two days and yesterday became convinced he would not resign. There was nothing in the conversations to suggest he would take such a drastic step," said a senior government member

The chancellor was unavailable for comment, however his basic objection was that a referendum piedge would represent a move towards Euroscepticism.

There will be more evidence of the government's growing scepticism about monetary union today when Mr Ian Lang, the trade and industry secretary, argues that completion of the European single market should take precedence over a single currency He will say that the difficult

task of moving towards monetary union threatens to sideline the more important aim of removing barriers to free trade and extending the single market to telecommunications and energy.
Friends of Mr Clarke said they

were puzzled that he had caved

a quitter, it is not in his nature." had indicated to them that the The prime minister held talks concession on gagging ministers would not satisfy him.

The prime minister is deter mined to make the pledge, because he is convinced that voters in a general election will want to know where the party stands on a single currency. He has been building up support in cabinet over the past month for the referendum pledge

and commissioned a short paper

on the advantages and drawbacks from Mr Malcolm Rifkind, the foreign secretary, which he It says that the earliest date for a referendum would be the second half of 1997, so that the UK could indicate an intention to participate in monetary union at

the beginning of 1998, in line Most ministers believe the dispute has been largely academic, because they do not believe any Tory cabinet would ever back a single currency.

A rainy day, Page 15

Beijing

Continued from Page 1

associates, and embezzling and squandering funds.

Ta Kung Pao reported that the State Auditing Administration had found a massive diversion of funds by Mr Wang, who allegedly killed himself last April while under investigation for corruption. He had misappropriated Yn4bn in the first quarter of 1995 alone as part of allegedly corrupt dealings dating back to 1988.

Beijing officials said they were making efforts to recover the lost funds, according to Ta Kung Pao, but the task is likely to prove

A western official said the scale of the Beijing scandal raised questions about the level of corruption elsewhere in China. The country's economic boom has provided ample opportunity for corrupt officials.

Road to Emu

Continued from Page 1

importance in paving the way

towards monetary union." Mr Lamfalussy said the EMI was on schedule to specify, by the end of the year, the regula tory and organisational framework for the central banking system that will run Emu's mon-

etary policy. One important issue he hoped would be solved by the autumn was the exchange rate relationship between countries in Emu and those outside. An early solution was necessary to safeguard Europe's single market and he hoped progress could be made at this month's informal meeting of EU finance ministers and central bank governors in Verona, Italy.

Bertelsmann deal to create Europe's biggest broadcaster

Bertelsmann, one of the world's largest media groups, is to form a joint venture with the Luxembourg-based Compagnie Luxembourgeoise de Télédiffusion (CLT), to create Europe's biggest

Mr Mark Wössner, Bertelsmann's chief executive, described the deal as a "historic milestone" for the privately-owned company, the world's biggest media group after Time Warner and ABC/ Disney of the US.

Bertelsmann and CLT said they had signed a declaration of intent, but their venture, which will have sales of over DM5bn (\$3.3bn), would still need to be approved by cartel authorities.

Ufa, Bertelsmann's European film and television subsidiary, will manage the 50 per cent stake in the new, as yet unnamed venture, which has been agreed with Groupe Bruxelles Lambert, the Belgian group which controls

CLT through Audiolina. In addition to contributing its audio-visual businesses to the new joint venture. Bertelsmann will also pay Audiofina, the group which controls CLT,

LFr30bn (\$1bn). Bertelsmann said Hayas, the French media group which holds a 40 per cent stake in CLMM and a 20.2 per cent stake in CLT, had also agreed to the deal. The proposed venture would have stakes in RTL. Germany's most successful private broadcaster. RTL 2.

Super RTL and Vox - all German-based television channels. In addition it would have stakes in RTL 4 and 5 in the Netherlands, M6 and TMC in France and Channel 5 in the UK. Premiere, Germany's only

pay-TV broadcaster, would also be included in its activities. The move strengthens Bertelsmann's hand in its showdown with Leo Kirch, the Bavarian media mogul who controls Kirch-Gruppe, which has Europe's largest film library.

Both Bertelsmann and Kirch-Gruppe have been manoeuvring to ensure dominance of the Ger man pay-TV market through Premiere, in which Bertelsmann and Canal Plus, the French commercial broadcaster hold 75 per cent between them.

"The new company is the answer to the challenges and chances in the international communications business." Bertelsmann said. "[These challenges] revolution of digitalisation, the resulting multiplicity of programmes, the need to concentrate more on programme making and the altogether tougher

competitive environment. The proposed deal would also resolve a longstanding feud between Ufa and CLT over the respective stakes in RTL, the German broadcaster. Ufa last year raised its stake in RTL to 39.1 per cent by taking a 2 per cent stake from Burda, the German publishing group.

|NBC plans to aim TV channels at European PC users

NBC, the US broadcasting group, is planning to launch a number of television channels aimed at computer users in European

The group, which recently launched the CNBC 24-hour satellite business channel in Europe, has applied for a licence in Ger-many and has had preliminary conversations with the Independent Television Commission in the UK.

It is likely that Microsoft, the US software company, will join the venture and that program-ming provided by Microsoft will

The channel would offer a mixture of educational and promot-ional programming, presenting material on the latest computer equipment. Programming sup-plied by other computer companies such as IBM could be included. The target audiences would range from computer users in small- and medium-sized companies to the serious home personal computer user.

The concept is being worked on by NBC at the moment because Microsoft is preoccupied with the launch of its on-line news service also a joint venture with NBC in July to coincide with the

Atlanta Olympics.
The on-line channel is being aunched with a conventional cable channel alongside the interactive on-line service. The plan is to have a considerable degree of cross-promotion between the two channels. A similar pattern could emerge in Europe. NBC hopes a computer channel for the German market can be launched this

Last year the ITC in the UK gave permission for the showing of special programmes about Microsoft Windows 95 on NBC Super Channel, the 24-hour pan-European cable and satellite television channel.

Under present regulations it vould be difficult to get permission to have a wholly commercial channel designed to promote a particular business sector. But the ITC believes there is a

strong argument for exceptions to be made for specialist services such as a channel for computer Such channels would also be

blocked under the current European Advertising Directive which does allow a dedicated home shopping channel. The ITC is trying to persuade Brussels to adopt a more flexible attitude on promotional channels.

If the rules are changed the ITC believes there is a way round the problem for those trying to launch computer channels. The same principle might also apply to other promotional channels. The final form of an NBC computer channel will be influenced by the final shape of Euro-

pean Union regulation.

THE LEX COLUMN

Broadcasting behemoth

Yesterday's merger between Compagnie Luxembourgeoise de Télé-diffusion (CLT) and Bertelsmann's television subsidiary Ufa is being billed as Europe's answer to last year's mega-media mergers in the US. This is taking things a little too far. The combination between CLT and Usa may be the largest broadcasting group in continental Europe with revenues of over DM5bn. But it will still be dwarfed by the likes of Disney/ABC or Time Warner, if it is able to merge with Turner Broadcasting. Moreover, neither CLT nor Ufa are particularly strong in programming or packaging

That said, the new group will have large interests in commercial TV and radio broadcasting in numerous Euro-pean countries - including a stake in Britain's Channel 5. If Bertelsmann can knit together all these interests, it will have a powerful distribution network. A particular benefit from the deal is that it puts an end to the dispute over who controls RTL, Germany's largest commercial TV network; until now CLT and Ufa have

been fighting for control. The new group will have a strong position in the embryonic European pay-TV market. Until yesterday Bertelsmann and CLT had threatened to launch rival pay-TV services in Germany later this year. Last month's link between Bertelsmann, Mr Rupert Murdoch's BSkyB, Canal Plus and Havas of France left CLT out in the cold. Bringing it now into the fold should create a more formidable competitor to the Kirch Group, which has established an early lead in German pay-TV. It could even hasten talks between Bertelsmann and Kirch.

The deal underlines how Bertelsmann, long thought to be the sleeping giant of world media, has woken up. In addition to its deal with CLT, it has also made a big move into online services. Whether it is using its weight wisely remains to be seen.

That BMW managed to produce flat profits in 1995, a year when it suffered a DM1bn currency hit and the disrup-tion of launching its new 5-series, is a tribute to the car maker's resilience. But that should not disguise the fact that its traditional upmarket duopoly with Mercedes is under increasing pressure. Ford, General Motors and Audi are all producing improved cars. with features such as airbags and antilock brakes as standard. That has taken them straight into the territory of BMW's 3- and 5-series. At the top end, the 7-series saloons are being



Germany. In response, both Mercedes and BMW have started to move downmarket. Unlike Mercedes, which is taking advantage of its brand strength and developing its own small cars, BMW bought a volume car maker in Rover. It now faces the huge managerial task of integrating the two companies while developing distinct brand names. The admission that capital spending at Rover will run at over DM1bn a year from now on - twice initial estimates - gives an idea of the work needed. Rover's £800m price tag can probably be justified by the profit-able Land Rover division alone, but the potential of the car side, which

is much harder to gauge. BMW is hoping expansion into fas-ter growing developing markets will belp. But the battle for market share will be won and lost in sluggish Europe, which still accounts for 80 per cent of group earnings. There, BMW's strategy for expansion looks a lot risk-

lost market share in Britain last year,

UK telecoms

Deutsche Telekom's motto seems to be: "In for a penny, in for a pound". The German state-owned group is not only examining the possibility of buying Mercury Communications in the event that its parent, Cable & Wire-less, merges with BT, it is also thinking of buying Videotron, the UK cable communications operator which is up for sale. On paper, there is much logic in such a package deal: Mercury is Britain's second largest long-distance telecoms groun: Videotron has a local network, mainly in London. Putting the two together would create a more substantial domestic competitor to BT than buying either individually. But it squeezed by a new company car tax in is something of a miracle that Deutsche Telekom is able to contemplate by DM100bn in net debt.

Moreover the deal's logic would apply not just to Deutsche Telekom but to others, such as AT&T, which are interested in building their presence in the UK telecoms market. But before any deal could be clinched, Bell Canada would have to be reckoned with. Not only does Canada's dominant telecoms group own 20 per cent of Mercury; it also owns 26 per cent of Videotron via Bell Cablemedia, its UK

cable subsidiary.
Whether Bell Canada is interested in taking control of both Mercury and Videotron is a moot point; it may merely want to use its existing stakes - and any preemption rights they carry - to extract the maximum price. f so, it may even consider throwing Bell Cablemedia into the package. Such a three-in-one combination would constitute an even more powerful threat to BT. The snag is it would also cost a good £3bn.

UK brewing

Big is beautiful in brewing: Bass looks set to emerge from the latest wave of UK consolidation as by far the biggest. Potential economies of scale were shown by Scottish & Newcastle's £75m cost benefits from integrating Courage. Carlsberg-Tetley, just behind Courage in volume terms, should offer similar savings. Beyond that, Carlsberg-Tetley offers few attractions. It brings Bass a useful international partner in Carlsberg. But it is profit-able only because of generous contracts for supplying beer to Allied Domecq's pubs, and the deal would leave Bass awash with standard lager. However, all brewers should benefit Profit margins have slumped in the face of surplus brewing capacity and increasingly powerful pub retailers. But if Bass was allowed to keep all of Carlsberg-Tetley, the two biggest brewers would control almost 70 per cent of British beer volumes - a comfortable platform for future price increases. The government may yet block the deal on monopoly grounds. But it signalled strongly with the Courage deal that competition concerns are focused on brewers' ties with pub estates rather than their share of the beer market. Besides, the government's campaign to restructure the brewing industry has done little for consumers, merely handing profits from the brewers to the pubs. This deal would help redress the balance. Additional Lex comment on Woolwich and Littlewoods, Page 22

Templeton Russian and Eastern European **Debt Fund**

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Morgan Grenfell & Co. Limited

US Placing Agent

Deutsche Morgan Grenfell/C. J. Lawrence Inc.

Deutsche Morgan Grenfell



Europe today

High pressure will sprawl from the British Isles across southern Scandinavia towards Russia, it will benefit an extensive area from the Baltic to the North Sea and southwards to the Iberian peninsula. Scotland will have a few showers and southern France will be overcast with occasional rain. A moderate north-easterly wind will move cold air from Poland into France. Southern England, northern France, the Benelux, and northern Germany will be rather sunny but cold. The Iberian peninsula will be mostly sunny but considerable cloud is expected along the north coast and there will be occasional rain. A complex area of low pressure over Italy will bring rain which may be heavy to a large region from Corsica across Italy and the Alps

Five-day forecast

and into Belarus.

Low pressure will move towards the southern Balkans during the next few days giving shores of southern Turkey will remain dry and predominantly surmy and warm. The iberan peninsula will have occasional

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Lufthansa

OTHE FINANCIAL TIMES LIMITED 1996

Wednesday April 3 1996



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Ciba agrees sale of Mettler Toledo

Ciba, the Swiss drugs company, is to sell its Mettler Toledo weighing machine and laboratory equip-ment division to AEA Investors of the US for SF7919m (\$765.8m). The disposal by Ciba, which last month announced a merger with Swiss rival Sandoz, marks the beginning of its shift from being a conglumerate in science-based industries into a pharmaceuticals and nutrition business. Page 18

Pepsi falls to induce rhapsody in blue



The finale of Pepsi-Cola's launch of its new corporate colour - blue - was greeted by silence, despite the presence of effervescent supermodels including Cindy Crawford (left), more than an hour of upbeat speeches on Pepsi's "radical change in image and attitude", and the appearance of Concorde painted in Pepsi's new cor-

porate colour. Pepsi will ditch its red, white and blue logo and cans for predominantly blue ones in about 20 countries by the end of this year. Page 20

Ario backs \$393m Soporcel investment Ario Wiggins Appleton, the Anglo-French paper group, is to support a Es60bn (\$393m) investment in a new paper machine to integrate all pulp production at Soporcel, Portugal's second biggest pulp and paper company. Page 19

Apple may try 'premium' path to recovery Apple Computer, the struggling pioneer of the personal computer industry, may try to design its way out of trouble - by making machines which set it apart from the mass market. Page 20

invesco sale helps Peregrine jump 55% Peregrine Investments, the Hong Kong merchant bank, reported a 55 per cent rise in net profits to HK\$1.01bn (US\$131m) last year, bolstered by a HK\$767m profit on the sale of a stake in Invesco, the UK fund manager. Page 21

Tarmac reports UK contracting upturn Tarmac, the UK construction group, reported encouraging signs of improvement in UK contracting as it announced a 28 per cent increase in operating profit on its continuing businesses for 1995. However, construction profits slipped to just £8.2m, from £13.1m, on tornover of £938.3m. Page 22

Thorn reveals talks with Bertelsmann Thorn EMI, the UK lessure group, held discussions 'rthis winter with Bertelsmann, the German media concern, about a possible alliance between their music divisions. Page 22

Europe's biggest lead recycling business has been formed by Quexco of the UK. It has acquired the lead business of Germany's Metallgesellschaft and recycling facilities of Italy's Enirisorse. Page 23

18 JR West 17 Kenthal

Solvay Soporcel

Thorn EMI

Tiger Trustor

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Veba Viag

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ATAT Land Lease Corp 20 Larmag 18 Liberty 4 Lindt & Spruengli Aetna Ahold Littlewoods Mercedes-Benz Alexandria Portland Mettler Tolado Mitsubishi National Power Ano Wiggins BASF BMW New Canada Newcrest Mining Normandy Group Nortel Ottoman Bank

Companies in this lesue

AEA investors

Peregrine Invest. RWE Rover Sandvik Cable and Wirek Chelverton Props Cogerna Compact Disc Daewoo

Doğuş Garanti Bank Gazprom General Electri General Motors Hugo Boss Int Paper **Market Statistics**

Annual reports service

Benchmark Govt bonds

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Fixed interest indices
FT/S&P-A World indices

FT Gold Mittee inditor

Eurobond prices

Bend lutures and options

Dividends announced, UK

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24 World Stock Markets

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warning adds to sombre US forecasts

By Richard Waters in New York

Advanced Micro Devices, the US microchip maker, yesterday added to the steady drip of sombre earnings warnings which have emanated from US companies in recent weeks.

Together with statements on Monday from International Paper and Archer-Daniels Midland that their results for the opening months of this year would not match stock market expectations, the warnings have set the stage

for a mixed first-quarter results season from US companies in the coming weeks.

For shareholders in AMD, who have already seen their investments halve in value since last summer, yesterday's announcement was the latest of several disappointments. The company failed to meet market expectations with second- and thirdquarter results last year, before issuing a warning ahead of the final quarter.

personal computers for a decline in sales of integrated circuits. This was likely to result in lower revenues in the first three months of the year than the \$593m of the previous quarter, the company said, leading to operating earnings below ana-

The news confirmed recent gloomy statements from other high-tech companies, which have issued warnings in response to slowing demand for personal computers from US consumers.

In addition, National Semiconductor, another US chip maker, announced plans to cut its workforce by 400, resulting in a charge of between 11-13 cents a share.

International Paper, mean-while, said late on Monday that a range of factors would prevent it meeting stock market expectations of first-quarter earnings from operations of around 65 cents a share. Like many other US manufacturers, the company cut back on production during gist at UBS Securities, and Ms the opening months of this year Abby Joseph Cohen, an analyst cut back on production during

- which has largely been behind the slowdown in the country's manufacturing sector.

The slowdown in manufacturing activity is one of the reasons why stock market analysts expect US corporate earnings growth to have slowed sharply after four years of steady gains. Among estimates released in the past two weeks, both Ms Gail Dudack, chief investment stratedicted that operating earnings for companies in the Standard & Poor's 500 index will grow by only 8 per cent this year, com-pared with around 18 per cent last year. Both expect most of this growth to come in the sec-ond half of this year.

Archer-Daniels, the agribusiness group, said its results in the first six months of this year would be hit by high grain prices, caused by a poor harvest in the US last year.

agrees bid

By John Barham in Ankara

by Garanti

Garanti Bank, the Turkish bank

owned by the Doğuş group, a

family-held conglomerate with

activities in construction, indus-

try and tourism, has made an agreed \$245m bid for Ottoman

Bank, the most venerable name

The sale follows an abortive

effort to float Ottoman Bank in

Istanbul last year, which trig-gered intense bidding for it by

Paribas, the French banking

group which held 49 per cent of

Ottoman, was keen to dispose of

its stake. The remaining 51 per

cent was held mainly by passive

UK institutional investors. In

1995 Ottoman reported pre-tax

profits of FFr315.17m (\$62.3m).

The bank was bought on a mul-

tiple of five times historic posttax earnings - low relative to the

sector - and 2.5 times 1995 book

value, roughly the same multiple

down 19 per cent on 1994.

as Garanti.

in Turkish finance.

Turkish companies.

Bank

BMW says tax on company cars cut sales by 20%

By Wolfgang Münchau in Munich

BMW, the German motor group, yesterday warned that a new tax on company cars in Germany has hit sales of its top models by around 20 per cent. It called for the abolition of the tax, introduced this year to help plug gaps in the federal budget.

Mr Bernd Pischetsrieder, chairman, called the tax unjustified and ill-motivated and said "on the basis of the reaction of the market we are currently assuming that there will be a drop in sales at the top end which we estimate at 20 per cent".

Mr Pischetsrieder was speaking at the company's annual news conference, where he presented a mixed picture of depressed sales and production during the first quarter, combined with a more optimistic outlook. "There was no improvement in the general economic background even at the start of the year," he said.

Car production was down 6 per cent in the first quarter compared with the same period last year. Sales fell 1 per cent, influenced in part by the relaunch of BMW's 5-series model. Mr Pischetsrieder forecast that production and sales for BMW and Rover, its UK subsidiary, should

be higher this year.

Mr Volker Doppelfeld, finance director, said some cost factors would not arise again in 1996, implying that profits might rise this year. Rover posted 1995 pre-tax prof-

its of DM10m (\$6.8m) under UK accounting principles. However. under the "stricter evaluation criteria applicable at BMW", Rover managed a loss of DM335m, compared with a DM40m surplus the previous year. BMW Rolls-Royce, the aero

engine maker, lost DM651m in 1995, DM215m more than in 1994. Mr Doppelfeld said BMW Rolls-Royce was "running perfectly according to plan". He said deliveries of aero engines this year would lift revenues. Last year, BMW invested DM3.5bn, with DM1.2bn invested

in Rover, a 31 per cent rise. Mr Doppelfeld said BMW was in a better shape than in the year before because the company was able to retain its earnings levels despite a worsening exchange rate. The exchange rate effect

was DM1.01bn. "This is only an indication of what could threaten German industry if the efforts to achieve a single unified currency in the European region do not succeed,"

Turnover of the whole group was DM46.1bn, of which Rover accounted for about DM13bn, an increase of 5.6 per cent on a comparable basis.

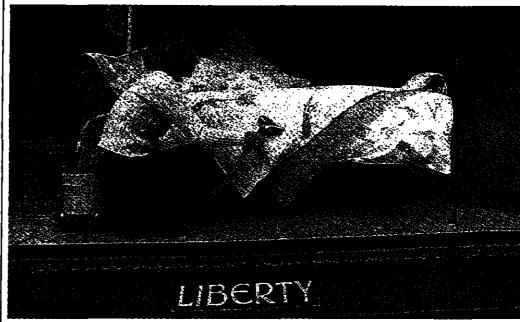
Production at Rover dropped 5 per cent to 367,000 vehicles, but this was more than compensated for by a 29 per cent increase in Land Rover sales to 116,000 units. Rover's sales in the UK were 3 per cent down, while in German sales were up 6 per cent, albeit from a low level.

The BMW brand retained its market position in Germany with 215,000 new registrations and a 6.5 per cent market share. BMW increased UK sales 21 per cent and North American sales 10 per

Mr Jürgen Pieper, motor analyst at Deutsche Morgan Grenfell in Frankfurt, said: "We see a positive trend for BMW although there may be difficulties in 1997 because of the anticipated change of the 3-series model." BMW sold 590,000 cars last

year, of which 70 per cent were Lex, Page 16; Income tax cut

Liberty chief leaves as profits fall | Ottoman



Spring clean: Liberty, the UK retailing and textiles group centred around its flagship London store (above), yesterday amounced the departure of its chief executive and warned of a sharp fall in profits. Three other directors also stepped down from the board. Story, Page 22

Bass may buy Carlsberg-Tetley

By Roderick Oram and Simon Davies in London

Bass is negotiating to buy all of Carlsberg-Tetley, the third-largest UK brewer, in a deal which

would leave Carlsberg, the Danish brewer, with a minority stake in Bass's brewing operations.
The deal, which is far more radical than the industry envisaged when Allied Domeco put its

half share in Carlsberg-Tetley up for sale, is the subject of intense negotiations between Bass, Carlsberg and Allied Domecq. Some rival brewers believe that Bass's acquisition of the whole of

Carisberg-Tetley is the only deal possible.

Bass would be able to implement sweeping rationalisation if it bought all of Carlsberg-Tetley, best known for its Carlsberg lager and Tetley bitter.

After the restructuring, Carls- OFT, might win regulatory berg would have a minority stake approval. A relatively high per-UK's most profitable. Analysts believe thinning of the companies' lager portfolios is inevitable, with weak Bass brands likely

to be dropped. Bass faces difficult talks with UK competition authorities as the deal would make it the largest British brewer, with close to a 40 per cent market share.

The Office of Fair Trading never explained why it approved the S&N merger with Courage but one factor seemed to loom large: a relatively low proportion of S&N/Courage's sales was tied to S&N's pub estate. Thus free trade in beer, a goal pursued by

regulators, was unimpeded.
On those grounds, a Bass/ Carlsberg-Tetley deal, with some concessions stipulated by the

in Bass's brewing business, the centage of Bass's output is tied to its estate but none of Carlsberg Tetley's sales are tied.

> agreement with Allied Domecq is a potential sticking point. When Carlsberg and Allied merged their UK breweries in 1991, the loint venture undertook to supply beer to Allied's pubs, one of the largest UK estates, at relatively high prices.

Analysts at BZW estimate the premium is about £40 to £50 a barrel over open market prices, making the contract worth £50m-£60m a year to the joint venture. Allied has to decide whether to take a relatively high cash sum for its stake and live with high

cost beer or accept a lower sum

and cheaper beer supplies.

Lex. Page 16

Ms Aslihan Basaran Sen, analyst at Istanbul's Global Securities, said: "Ottoman is a profit able and reliable bank. You can But Carlsberg-Tetley's supply find banks that are very profit-

able in Turkey, but it is not easy to be reliable too." Turkish banks tend to command a premium partly because the treasury has stopped issuing new banking licences, forcing investors wishing to enter the highly profitable sector to buy

existing banks. Garanti has promised to pre-

serve Ottoman's identity and will run the bank and its 61 branches as a separate entity. Last year, Garanti posted pre-tax profits of \$210.4m equivalent, down 17 per cent from 1994. Ottoman was founded in 1863

by French and British investors with headquarters in Paris.

Barry Riley

Global banks: the big, the bad and the bust



The challenging subject of bank accounting and reporting is back in the spotlight this week. But it

not clear

whether the world's big banks are taking a step forward, or just sideways.

April Fools' Day was the date for the consummation of two

gigantic banking mergers. Bank of Tokyo-Mitsubishi is now the world's biggest bank, with assets of Y75,000bn (about \$700bn). And Chase Manhattan, now incorporating Chemical, has become America's largest in terms of assets, which are \$300bn, although Citicorp's stock market value is higher. America's banks are once

again healthy, but there are problems elsewhere. Banco di Napoli, one of Italy's largest banks, last Friday night sneaked out the worst results (a \$2bn loss) ever admitted by an Italian bank. The sickness at the heart of the Japanese financial system was emphasised by the collapse and swift bailout of Tokyo's Taibeiyo

Bank on the same evening. Also on last Friday the 21 biggest Japanese banks published a list of their capital adequacy ratios, estimated for March 31. We can debate the meaning of these statistics. In most cases they do not appear to reflect fundamental accounting truth

All we can say is that the ratios, ranging from 8.2 per cent to 10.8 per cent, represent formal claims of compliance with the Bank for International Settlements' minimum capital adequacy ratio of 8 per cent of risk-weighted assets. They imply that

the Bank of Japan, which is standing behind the 21, will ensure financial stability.

In Europe, the robust Deutsche Bank last week adopted International Accounting Standards. IAS net profits of DM2.1bn (\$1.4bn) for 1995 compared with a German-style net figure of DM2.2bn. No big deal there, you might think, but the future shuffling of hidden reserves will be ruled out, and previously undisclosed assets of DM20bn have been revealed. Fudged accounting by banks

In Japan and Germany balance sheet values can easily be manipulated

used to be thought necessary to maintain the confidence of depos-itors in hard times. Now stability is encouraged by regulation, backed up by deposit insurance. Even so, the results declared by banks are often not what they seem. The cynic's rule is that banks write off what they can afford, so that paradoxically, in a tough period, strong banks may declare worse operating results than weak ones. In times of

is the first casualty. The political climate is also important. This year Japanese banks want to appear poor, so they are announcing aggregate pre-tax losses of Y3,300bn (after bad debt write-offs of almost Y10,000bn) although in a similar situation a year ago they claimed to be making profits.

financial crisis, as in war, truth

Germany, where banks are big investors in their client companies' shares, balance sheet values can easily be manipulated. Japanese banks have maintained their capital ratios by selectively booking profits on ancient holdings of equities.

Their remaining unrealised capital appreciation is regarded. tacitly, as assuring solvency, although another Y20,000hn, and more realistically Y40,000bn, of bad debts have yet to be written off. But in the US or the UK fickle stock market values would not be accepted as the basis for capital compliance.

If future buyers can be found for these Japanese equities at high prices, if the banks can continue to make large operating profits by exploiting low deposit rates and a steep bond yield curve, and if the show can be kept on the road for several years, all may eventually be well. In the meantime, Japanese banks will not be forced into drastic retrenchment and may in due course begin an international expansion again. So much for the international level playing field intended by the BIS.

This highlights the conclusions of the Banking Banana Skins opinion survey recently conducted by the Centre for the Study of Financial Innovation, a London financial think-tank. The biggest risks, according to the international opinion leaders polied, lie in overcapacity and the corresponding pressure on managements to take risks in order to protect market share.

Capital erosion ought to result in retrenchment. That is a healthy, if harsh, rule. But in Japan it does not seem to apply: In countries such as Japan and not yet, anyway.

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COMPANIES AND FINANCE: EUROPE

Ciba to sell Mettler Toledo for SFr919m

Ciba, the Swiss drugs company is to sell its Mettler Toledo weighing machine and laboratory equipment division to AEA Investors of the US for SFr919m (\$767m).

Ciba had announced in October 1995 that it planned to float Mettler Toledo, which had sales last year of more than

The disposal is the first that will change Ciba from being a conglomerate in science-based industries into a pharmaceuticals and nutrition business. Last month it announced a merger with Basle rival

complete, the new company, Novartis, will spin off Ciba's chemicals operations.

Mr Hermann Vodicka, the Ciba executive board member responsible for Mettler Toledo. said the public offering plans had been at an "advanced stage" when the company decided that an outright sale to AEA was preferable. He said that investors in a

public offering would have demanded a discount on the value, adding that "it was not only a matter of money, but also concern about the future He said Ciba had been

tial buyers, of which AEA put forward proposals that made good business sense" for Mettler Toledo's employees and management.

AEA is a private manager of funds for wealthy individuals including Mr Lloyd Bentsen, former US treasury secretary, and Mr Bill Hewlett, co-founder of electronics company Hewlett-Packard, Mr Vincent Mai. AEA's chief executive, said he intended to prepare Mettler Toledo for flotation, although this might take several years. His plan was to expand the business in the US and Asia. In

cent of its sales in Europe, and 37 per cent in the Americas. Mr Mai said that AEA had been studying Mettler Toledo for two years. Its acquisitions are in the \$200m to \$1hn range. Previous purchases include Sola International, which designs and makes spectacle

months. Ciba bought Mettler in 1980, as a specialist maker of electronic weighing machines. Further acquisitions in the same sector culminated in the purchase in 1989 of Toledo Scale. the largest US maker of indus-

lenses. It has taken public four

companies in the past 18

to regulatory approval.

• UBS Swiss Life, the joint unit of Union Bank of Switzer land and Swiss Life, said it would launch a pension product in mid-May offering a flexible savings component and integrated death benefit policy with tax privileges, AFX News writes in Zurich.

The product will be sold through UBS Swiss Life's Profitline telephone marketing unit and will also carry an individually determined interest bonus on top of a guaranteed rate of interest. The bonus would depend on the age and habits of the policy holder, it said

biggest US acquisition by a

Dutch company in the 1990s,

means another substantial

takeover will have to wait. However, smaller deals could

Its strategy remains focused

on the east coast, but it wants

to expand into neighbouring states so that it can benefit

from cost-savings in ware-

housing, distribution and

Mr Rob Zwartendijk, presi-

dent of Ahold USA, said one of

Stop & Shop's appeals, apart

from its track record and geo-

graphical coverage, was that it was an experienced issuer of

customer cards. The lessons

learned in New England with

customer cards, which are useful ways of tracking customer preferences, can be

used by other parts of Ahold in

The group's US stores can

now be found from Georgia to

upstate New York, but Ahold's

map of the east coast still has

blank spots in Virginia, Florida

Maine, New Hampshire and

Vermont. The company will

not be drawn on where it may

be looking next, but officials

rule out a move into Canada or

Asked about ambitions in

Detroit - not far from existing

still be feasible.

Solvay surprises with 46% advance

By Jenny Luesby

Solvay, Belgium's largest chemicals company, lifted pretax profits 46 per cent last year to BFr25.84 (\$848m). because of a strong world mar-ket for alkalis and the take-off of its anti-depressant drug. Floxyfral. The company's shares rose BFr175, to close at BFr17,675, in anticipation of the results

With bulk plastics account-ing for more than a third of the company's business, a disappointing second half had

previously been expected. Plastics margins had suffered, said the company, dropping to "a very inadequate level by the end of the year". However, the alkali and healthcare businesses had performed strongly all year, espe-cially outside Europe.

With alkalis accounting for 28 per cent of sales and 39 per cent of operating profits last year, the company predicted further growth in alkali profits this year. Prices of caustic soda were still rising in the US, it said. It also pointed to recovery in the markets for its three bulk plastics, PVC, polyethylene and polypropylene.

However, it was downbeat about the prospects for its plastics processing business, where demand stayed weak, particularly in the DIY and interior decoration market.

In healthcare, sales of Floxyfral, known as Luvox in the US, rose 38 per cent to BFr3.5bn, with the first year of full launch in the US generating sales of \$35m.

Sales outside Europe had risen to a third of total turnover last year, the group said. compared with one quarter in 1991. Overall, sales rose by 4 per cent, to BFr273.35bn.

A 14 per cent increase in consolidated cashflow, to BFr30.77bn, had enabled the group to cut gearing from 27.6 cent in 1994 to 24.2 per cent last year. This reduced financial charges to BFr3.91bn, from BFr5.05bn in

Earnings per share rose 84 per cent to BFr1475. The group proposed a net dividend of

NEWS DIGEST

Higher sales help Cogema rise 15.8%

Cogema, France's state-controlled nuclear fuel company, reported a 15.8 per cent increase in net profit to FF1973m (\$193m) last year, based on rising sales, mainly of uranium enrichment services for foreign customers, which also grew 15.8 per cent to reach FF130.6bn in 1995. The group said the higher turnover raised use of its fuel recycling plant at La Hague to near full capacity. But in line with President Jacques Chirac's decision to stop manufacture of nuclear warheads after the recent test series. Cogema is to close down fabrication of highly-enriched uranium at Pierrelatte this year and to shut its Marcoule recycling plant next year.

Cogema said that, in line with its policy of investing to cover future nuclear plant dismantling costs and forging industrial partnerships, it had taken a 3.4 per cent stake in the Usinor-Sacilor steel company and a 7.5 per cent stake in Sagem, the electronics group. Cogema and Total already have cross-shareholdings in each other, following the French oil company's sale of its uranium mines to Cogema.

Electricidade de Portugal surges

Electricidade de Portugal, the state power utility due to be partially privatised within a year, more than doubled net consolidated profit from Es30.5bn to Es66.3bn (\$433m) in 1995. The group yesterday forecast a similar profit level in 1996. despite tariff cuts in real terms. Electricity consumption rose 4.8 per cent last year but sales increased only 3 per cent to Es528bn as a result of lower tariffs. Cash flow rose 58 per cent to Es198bn. The group lowered its debt by Es91bn in 1995 to Es680bn. Total assets were almost Es2,400bn.

S. M. Bolist

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Trustor rejects Sandvik bid

Trustor, the Swedish industrial holding company, said its shares in Kanthal were not for sale, rejecting a SKr120 a share bid for the unit from Sandvik, the Swedish tools and speciality els group. Trustor has a majority stake in Kanthal, a Swedish heating wire group, with about 50 per cent of voting rights. Mr Claes Aake Hedstroem, Sandvik chief executive. told the news agency Direkt its bid still stood despite Trustor's AFX News, Stockholm

Hugo Boss advances

Hugo Boss, the German clothing company, said net profit rose 10.7 per cent from DM52.4m to DM58m in 1995. Sales rose 5.1 per cent from DM857m to DM900m. Allowing for exchange rate fluctuations, sales rose 8.5 per cent. Earnings per share calculated according to the DVFA formula rose from DMS6 the previous year to DM97. The company proposed raising the dividend per ordinary share from DM34 to DM41 and from DM35.5 per preference share to DM42.5. The company said it expected stable sales for 1996. Net profit in 1996 would remain at a high level.

Swiss confectionery group ahead

Chocoladefabriken Lindt & Sprüngli, the Swiss confectionery group, increased net profits 11.3 per cent from SFr38.1m to SFr42.4m (\$35.5m) in 1995, on sales up from SFr863m to SFr920m. The dividend was raised from SFr205 to SFr250. Mr Ernst Tanner, chief executive, said he was confident of further positive developments in earnings in 1996. The company proposed a 1995 dividend per participation certificate of SFr25, up from SFr20.50. Parent net profit fell from SFr17.95m to SFr16.93m:

Richhom Kilchhom** AFX News, Kilchberg

The US will account for 60% of the Dutch retailer's sales, writes Ronald van de Krol

Ahold goes native in shopowner's paradise

adise for a Dutch food retailer like Ahold. First, it can enjoy liberation from the restrictive shop opening hours which bedevil business in the Netherlands -Abold's 650 supermarkets in the US are typically open 24 hours a day, seven days a week.

Second. new stores are difficult to set up in the Netherlands because of exorbitant land prices and laborious planning procedures. In contrast, the Dutch group's five US chains are free to open up new stores virtually at will, with the main restriction being the economic sense of adding new

These are just two of the rea-sons for Ahold's seemingly insatiable hunger for US supermarkets, underlined last week by its planned \$2.9bn takeover of Stop & Shop, the leading grocery store chain in the New England region.

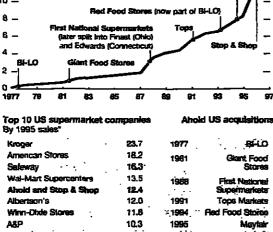
Another attraction of the US is the scale of takeover possibilities. At a stroke, Stop & Shop will add \$4.1bn in sales to Abold's US turnover, an increase of 49 per cent.

More important, the acquisition will bring to the group a chain which is three-quarters the size of Albert Heijn, Ahold's flagship Dutch supermarket chain.

The Dutch chain, built up over the past 109 years, has captured 25 per cent of the Netherlands' market, a: sights on Portugal, Poland and

1995

Twenty years of US expansion



commanding position which has forced Ahold to look abroad for years for long-term growth.

in 1977, was in the US. A series of later US acquisitions, topped up by the Stop & Shop pur-chase, means Ahold is now the country's fifth-largest food retailer, and the undisputed supermarket leader on the US

the Czech Republic, and unveiled long-term ambitions for Asia. But the US is the only country where it is easy to grow rapidly through outright

isewhere, Ahold generally has to take a more painstaking, jointventure approach.

Stop & Shop deal, the US will account for more than 60 per cent of Ahold's turnover.

"Ultimately, through our Asian ambitions and a further share [of total business] will decline," Mr Cees van

UNITED STATES

through building up its chains and acquisitions. The size of the Stop & Shop

purchase, the largest in

SAINT-GOBAIN

The Board of Directors of Saint-Gobain met on March 28, 1996 and approved the consolidated financial statements of the Group for

In millions of French Francs	1995	1994
Sales	70,310	74,494
Operating income	7.783	7,295
Income before tax and before results of sales of non-current assets	7.019	5.299
Net income before minority interests	4.698	4.750
Net income	4,212	3,625
Net income excluding net results of sales of non-current assets	4,023	2,706
Resources from operations (cash flow)	9,212	8.115
Capital expenditure on plant and equipment	5.592	3.778
Total expenditure on fixed assets and investments	9,501	6.540
Total shareholders' equity and non-voting participating securities	48,648	44.746
Net indebtedness	3.937	2.513

Group sales are down by 5.6% in real terms, due to the disposal of the Paper-Wood Division as at November 1, 1994. Sales of the glass packaging company Ball-Foster Glass Containers are consolidated from September 15, 1995.

France 10%, other European countries 40%, countries outside Europe 31%.

against 9.8% in 1994.

current assets increased by 32% after dividends from nonconsolidated subsidiaries which decreased slightly. Net interest expense and reorganisation and other charges have been reduced by half compared with the amounts of the previous

French Francs, against 1.962 million French Francs in 1994 which was due to the exceptional capital gain on the disposal of the Paper-Wood Division.

French Francs, because of the non-recurrence of the capital gain on the disposal of the Paper-Wood Division, of higher Group shareholdings in Vetr.l. and Oberland, and of the reduclion French Francs. Earnings per share based on the number of shares issued at December 31, 1995 (83,540,848 shares) are FF 50.4 against FF 44.6 at December 31, 1994 (81,192,658

Cash flow of 9,212 million French Francs is up 13.5%, It represents 13.1% of sales and covers almost all capital expenditure and investment acquisitions,

The net indebtedness of 3.937 million French Francs remains at a low level and represents 8.1% of shareholders' equity. including non-voting participating securities. The Board of Directors also approved the statutory accounts of

Compagnie de Saint-Gobain, the parent company (holding) of the Group. These accounts show a profit of FF 2011 million against FF 1.660 million in 1994. The Board of Directors will propose to the Annual General

which has been convened for June 13, 1996, dividends of FF 1,378 million, against FF 1,258 million last year. The dividend per share would therefore be FF 16.50, up 6.5% compared to the previous year. A tax credit of FF 8.25 per

Meeting of Shareholders of Compagnie de Saint-Gobain.

share should be added, giving a gross dividend of FF 24.75 per As has been the case in previous years, it will be proposed to

offer shareholders the possibility of opting for the payment of the dividend by way of shares. The shares will be ex-dividend

INVESTOR RELATIONS DEPARTMENT TEL.: (33-1) 47 62 45 19 - FAX: (33-1) 47 78 45 03

US sales history (\$bn)

1996 Publix Super Food Lion

Its first international foray.

554

2,437

-171

1,549

503

2,052

1,515

2,647

-588

1,283

360

1,643

31/12/95 31/12/94 Change 75,670 74,157 +20%

2,603 +9 4%

2,104

In the 1990s, it turned its

After the completion of the

expansion of our European business, we will strive for a situation in which the US der Hoeven, Ahold president,

Nevertheless, Ahold expects to continue to grow in the US,

stores in Cleveland, Ohio – Mr Zwartendijk said: "We plan to concentrate very firmly on the east coast. For us, Detroit is already a bit in the Mid-

a westward advance.

SAINT-GOBAIN IN 1995: NET INCOME OF 4.2 BILLION FRENCH FRANCS

1995. The key consolidated figures are as follows:

On a comparable structure basis, they show an increase of

0.4% in French Francs and of 5.2% in local currency. Sales are split: France, domestic market 19%, exports from

Operating income is up 6.7% and represents 11.1% of sales. Income before tax and before results of sales of non-

Results of sales of non-current assets amount to 169 million

Minority interests decreased significantly to 486 million

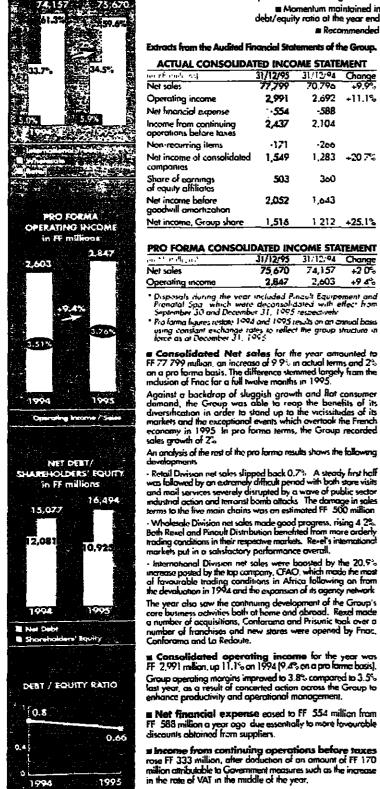
tion in the results of the subsidiaries located in Latin America. Net income amounts to 4.212 million French Francs and,

excluding results of sales of non-current assets to 4,023 mil-

()

APPOINTMENTS ADVERTISING

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RESULTS 74,157 5,75,670 6152 24 5,59,67 Operating income Net financial expense Income from continuing operations before taxes Non-recurring items Net income of consolida Share of earnings of equity affiliates Net income before goodwill amortization Net income, Group share PRO FORMA CONSOLIDATED INCOME STATEMENT Operating income Disposals riuring the year included Pinault Equipment and Prenatal Spa which were deconsolidated with effect from September 30 and December 31, 1995 respectively. September 3 and December 31, 1993 residences on an annual basis using constant exchange rates to reflect the group structure in force as at December 31, 1995 ■ Consolidated Nat sales for the year amounted to FF 77 799 nullion, an increase of 9.9% in actual terms and 2% on a pro forma basis. The difference stemmed largely from the inclusion of Frac for a full twelve months in 1995. Against a backdrop of sluggish growth and flot consumer damand, the Group was able to reop the benefits of its diversification in order to stand up to the vicissitudes of its markets and the exceptional events which overtook the French economy in 1995 In proforma terms, the Group recorded sales growth of 22 An analysis of the rast of the proforma results shows the following Retail Devision net soles slipped back 0.7%. A steady first half was followed by an extremely difficult period with both store visits and mail services severely disrupted by a wave of public sector industrial action and terrorist bornho attacks. The damage in sales terms to the five main chains was an estimated FF 500 million. Wholesale Division net sales made good progress, rising 4.2%. 3oth Revel and Pinault Distribution benefited from more orderly trading conditions in their respective markets. Re-el's international markets but in a satisfactory performance overall. International Division net sales were boosted by the 20.5% increase posted by the top company, CFAO, which made the most of favourable trading conditions in Africa following on from the devaluation in 1994 and the expansion of its agency network The year also saw the continuing development of the Group's core business activities both at home and abroad. Rezel made a number of ocquisitions, Conference and Prisonic took over a number of franchises and new stares were opened by France. Consolidated operating income for the year was FF 2,991 milion, up 11.1% on 1994 (9.4% on a proforma basis). Group operating margins improved to 3.8% compared to 3.5% last year, as a result of concerted action across the Group to enhance productivity and operational management.

PRINTEMPS-REDOUTE **NET INCOME UP 25.1%** ■ Group operating income up a robust 11.1% whilst the group's share of consolidated net income for the year improved

PINAULT

■ Momentum maintained in improving financial structure debt/equity ratio at the year end was 0.66 against 0.8 a year ago. ■ Recommended dividend up 8.9%.

Extracts from the Audited Financial Statements of the Group. • Net income of consolidated companies rose 20.7% • Net income of consolinated compournes rose 2000 to reach FF 1,549 million despite net non-recurring charges of FF 171 million including an FF 150 million write-down of the investment in Compor. This figure also reflects measures taken during the year in terms of rotangization and strategic disposals. ACTUAL CONSOLIDATED INCOME STATEMENT 31/12/95 31/12/94 Change 77/799 70.796 +9.9% during the year in terms of rationalizate [Pinault Equipement, Prénatal Spa]. 2.692 +11.1% 2,991

> w Share of earnings of equity affiliates of FF 503 million posted on increase of 39.7%. The key contribution during the year was the excellent performance of the Financial Services Division characterized by an 11% increase in new consumer lean production and tighter control over credit risks.

■ Net income, Group share, stated after amortization of goodwill, was FF 1,516 million against FF 1,212 million for 1994, an increase of 25.1%. w Fully diluted net earnings per share represented FF 68.00 for 1995, a rise of 17.4% on the 1994 figure of 1 212 +25.1%

CONSOLIDATED BALANCE SHEET						
in it makesal	.31/12/95	31/12/94	31/12/93			
Fixed assets	25,307	25,490	22,044			
Working capital	4.796	3,976	4,097			
Shareholders' equity"	16,494	15,077	11,769			
Provisions	2,683	2,307	2,277			
Net indebtedness	10,925	12,081	12,096			
cł which, Group share	73,529	12,222	7,772			

Not working capital at December 31, 1995 rose to FF 4,796 million from FF 3,976 million a year aga mainly an account of business growth achieved by the International Division, which generated higher inventories and trade receivables. This trend was partly offset by the Retail Division, where an improved year-end position also included a receivable in respect of the sale of Prenatal Spa.

Net indebtedness improved from FF 12,081 million last year off 10,925 million as at December 31, 1995, a reduction of FF 1,156 million. This figure represented 4.0 years of cash flow as against 5.1 years as at December 31, 1994. For the third year in a raw, the debt/equity ratio tell, to stand at 0.66 at the year end (1994 - 0.80).

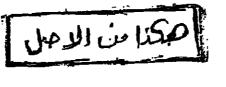
Cash flow for the year amounted to FF 2,760 million compared to FF 2,378 million for 1994. The Group copial expenditure programme saw FF 1,190 million of additions to fixed assets during the of additions to fixed assets during the year (1994 -FF 1,129 million), channeled in the main towards angoing store refurbishment in the Rebail Division and the upgrading of

information systems across the Group as a whole The early part of 1996 has been marked by the ocquisition by CFAO of the 89% interest in SCOA formerly held by Paribas together with a public aftering in respect of the balance of the As regards operational matters, one point of note has been the

resurgence of consumer demand experienced by certain of the Group's store chains due to the postponement of purchases in the wake of the public sector industrial action during December 1995, together with a positive reaction to the January Sales Group net sales for the period to the end of February 1996 were up 2% on a constant group structure basis. PARENT COMPANY RESULTS

Printemps-Redoute, recorded net income for the year ended December 31, 1995 of FF 1.482 million. The recommended dividend to be put before the forthcoming AGM is FF 24.50 per shore net of a tax credit of FF 12.25, representing a rise of 8.9% on 1994. Capies of the 1995 Audited Financei Setements are available to shareholders and also to members of the general public at the Group's negistered affice 19 place Henri Bergson 75391 Plans Cedex 08.

The audited financial statements of the parent company, Pinc



COMPANIES AND FINANCE: EUROPE

Soporcel plans to invest Es60bn as earnings surge

By Peter Wise in Lisbon

Arjo Wiggins Appleton, the Anglo-French paper group, is to support a Es60bn (\$392m) investment in a new paper machine to integrate pulp production at Soporcel, Portugal's second biggest pulp and paper company.

Soporcel, announcing a threefold increase in net prof-its last year to Es11.2bn, said yesterday AWA had made a strategic decision not to sell its 43.3 per cent stake in the Portuguese group and would back plans to buy a second machine to make uncoated paper by

Portugal surge

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Doubt had earlier been cast on AWA's retaining its holding in state-controlled Soporcel, amid a planned reorganisation of the group's European manufacturing operations.

Mr Alvaro Barreto, Soporcel chairman, said the second machine would enable the company to integrate all of a projected annual production of 650,000 tonnes of bleached eucalyptus pulp into its paper making operations. Soporcel uses about 48 per cent of its annual pulp production of 450,000 tonnes in paper

Full integration would place Soporcel among Europe's top three office paper producers and was an essential step to remaining competitive as the

production of similar short fibre pulp at much lower costs expanded in Brazil and Indonesia. Mr Barreto said.

Soporcel's sales rose 31 per cent to Es76bn last year from Es58.2bn in 1994, due mainly to a 47 per cent increase in the average price of eucalyptus pulp. Paper prices rose about 30 per cent. However, volume sales of pulp and paper fell slightly to 220,000 tonnes and 258,800 tonnes, respectively.

The group, forecasting a drop in pulp sales to 210,000 tonnes this year, said the average pulp price would be sub-stantially below the 1995 level this year. Prices started falling sharply in the last quarter of 1995 – largely because paper companies began destocking – dropping from a high of Ecu730 a tonne last August to about

Ecu350 at present. Net profit grew from Es3.5bn to Es11.2bn and operating profits increased from Es10.8bn to Es16.1bn last year. Operating costs rose from Es38.6bn to Es45.3bn as raw material costs increased and the group applied maximum depreciation rates on assets due to full use of production capacity.

Cash flow increased from Es12.6bn to Es25.8bn. Much of this was used to lower the group's debt, which fell from Es73.5bn in 1994 to Es57.2bn Financial costs fell from Es7br

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BT/C&W merger talks raise concerns in Germany

The UK operators have competing interests in the country's telecoms sector, writes Michael Lindemann

and Cable and Wireless about a possible merger have caused considerable concern in boardrooms across Germany, where both UK operators have extensive - and fiercely competing - interests.

Should BT and C&W agree a deal, the merged operation would be committed to two rival German telecoms alliances, built up by three of the country's most powerful com-panies: Veba, RWE and Viag. Since last January, C&W has

been committed to a telecoms alliance with Veba, the elec-tricity, chemicals and telecoms group. C&W holds a 45 per cent stake in Vebacom, the group's telecoms subsidiary, and Veba holds a 10.5 per cent stake in C&W, making it C&W's biggest shareholder.

The equity link, and the fact that Mr Ulrich Hartmann, Veha's chief executive, sits on C&W's board, means, as one telecoms executive pointed out, "there is no closer relationship between a German company and a British company of that size". BT, on the ofher hand, decided last January to join up with Viag, the Munich based group built around the Bayernwerk utility, which has close links to the powerful Bavarian state government. Last May,

alks between British the two partners created a Telecommunications joint venture, Viag InterKom, in which they both hold a 37.5 per cent stake.

That operation was expanded in February when BT and Vlag signed a letter of intent with RWE, another of Germany's leading electricity and industrial conglomerates.

As one RWE executive put it, the three partners are "working overtime" to flesh out the letter of intent and create a venture which they hope to have operating by the middle of this year.

The proposed joint venture would be divided into four operations - an overall management company, two units servicing corporate and resi-dential clients and a company managing the networks, RWE

BT, Viag and RWE would have equal stakes in the new companies and management responsibility would depend on relative strengths. RWE, for instance, hopes to take the lead in the companies which service residential clients and operate the networks. Who, then, does Mr Peter Bonfield, BT's chief executive,

with C&W? RWE and Viag might have good reason to be nervous, given that their links with BT

settle for if BT reaches a deal



may have been created with

the best intentions but are not

yet cemented by the sort of

equity swap which has taken

place between Veba and C&W.

Both companies, however,

insisted yesterday that their tie-up with BT was progressing

Mr Franz Josef Schmitt, the

RWE board member responsi-

as planned.

Monday for what was described as a "routine" "We have had an additional,

more substantial commitment from BT that it plans to continue with the existing projects," a senior RWE executive

If BT feels committed to RWE and Viag, what does it do ble for telecoms, met Mr Pat about Veba? The Düsseldorf flow - around DM8.5hn - so Gallagher, BT's director of

would not be satisfied with a smaller stake in a merged BT/ C&W operation.

Veba last week announced record profits of DM2.1bn (\$1.4bn) and said it planned to invest DM6.7hn this year. The group's planned investments, according to one Veba executive, were always deliberately kept below the group's cash

room for manoeuvre".

Withdrawing operations like Viag InterKom would prove legally difficult for BT. Lumping all three German companies into one alliance, which would then com-pete against Deutsche Telekom, the state-owned operator, is unlikely to be acceptable in Germany, given that the three would dwarf Deutsche Telekom in terms of financial muscle.

ermany's authority refused to comment on what it called a "hypothetical situation", adding only that any deal of that kind would be referred to European Union authorities in Brussels because

The logic behind a BT/C&W merger will, it seems, be the attractive overlaps in the US and Asian markets, not least C&W's 58 per cent stake in Hong Kong Telecom.

"As a strategic, global solu-tion, C&W is vital for BT," said one German telecoms executive. "The solution to the problems in Germany will be secondary. Besides, BT has the added advantage that it can choose who it does business with in Germany."

Böhler-Uddeholm sale given warm reception

By Antonia Sharpe

programme has received a welcome boost from the successful sale of shares in Bohler-Uddeholm, a leading producer of specialist steel.

Demand from international investors was such that OIAG, the state industrial holding company, sold off more of the

45 per cent, but the strong interest enabled it to cut its

action of 5.25m shares, priced Austria's privatisation at Sch785 each late last week. raised Sch4.1bn (\$393m), making it the largest Austrian share offering since the \$650m privatisation of VA Technologie, the plant engineering group, in May 1994. Shares in Böbler-Uddeholm

yesterday rose Sch24 to Sch835 as investors tried to buy stock

OIAG had planned to reduce had been about five times over its stake from 72.7 per cent to subscribed. Creditanstalt, SBC Warborg and CS First Boston were the advisers

TENDER NOTICE

UK GOVERNMENT ECU TREASURY BILLS

For tender on 9 April 1996

1. The Bank of England announces the issue by Her Majesty's Treasury of ECU 1,000 million nominal of UK Government ECU Treasury Bills, for tender on a bid-yield basis on Tuesday, 9 April 1996. An additional ECU 50 million nominal of Bills will be allotted directly to the Bank of England for the account of the Exchange Equalisation Account.

2. The ECU 1,000 million of Bills to be issued by tender will be dated 11 April 1996 and will be in the following

ECU 200 million for maturity on 16 May 1996* ECU 500 million for maturity on 11 July 1996 ECU 300 million for maturity on 10 October 1996

3. All tenders must be made on the printed application torms available on request from the Bank of England. Completed application forms must be lodged, by hand, at the Bank of England, Customer Settlement Services (formerly Securities Office), Threadneedie Street, London not later than 10.30 a.m., London time, on Tuesday, 9 April 1996. Payment for Bills allotted will be due on Thursday, 11 April 1996.

4. Each tender at each yield for each maturity must be made on a separate application form for a minimum of ECU 500,000 nominal. Tenders above this minimum must be in multiples of ECU 100,000 nominal.

5. Tenders must be made on a yield basis (calculated on the basis of the actual number of days to maturity and a year of 360 days) rounded to two decimal places. Each application form must state the maturity date of the Bills for which application is made, the yield bid and the amount tendered for.

amount tendered for.

6. Notification will be despatched on the day of the tender to applicants whose tenders have been accepted in whole or in part. For applicants who have requested credit of Bills in global form to their account with ESO. Euroclear or CEDEL, Bills will be credited in the relevant systems against payment. For applicants who have requested definitive Bills, Bills will be available for collection at Customer Settlement Services, Bank of England after 1.30 p.m. on Thursday, 11 April 1996 provided cleared funds have been dredited to the Bank of England's ECU Treasury Bills Account No. 59005516 with Lloyds Bank Pic, Bank Relations, St George's House, PO Box 787, 6-8 Eastcheap, London EC3M ILL Definitive Bills will be available in amounts of ECU 10,000, ECU 5,000,000 and ECU 10,000,000 nominal.

7. Her Majesty's Treasury reserves the right to reject any

Her Majesty's Treasury reserves the right to reject any or part of any tender.

8. The arrangements for the tender are set out in more detail in the information Memorandum on the UK Government ECU Treasury Bill programme issued by the Bank of England on behalf of Her Majesty's Treasury on 28 March 1989, and in supplements to the Information Memorandum. All tenders will be subject to the provisions of the Information Memorandum (as supplemented) and to the provisions of this notice.

9. The ECU 50 million of Bills to be allotted directly to the Bank of England for the account of the Exchange Equalisation Account will be for maturity on 10 October 1996. These Bills may be made available through sale and repurchase transactions to the market through sale and repurchase transactions to the market makers listed in the information Memorandum (as supplemented) in order to facilitate settlement.

10. Copies of the Information Memorandum (and supplements to it) may be obtained at the Bank of England. UK Government ECU Treasury Bills are issued under the Treasury Bills Act 1968 and the Treasury Bills Regulations 1968 as amended.

The asterisked maturity dates are ECU non-clearing days. As stated in the information Memorandum issued on 28 March 1989, in the event that any maturity date on 28 March 1989, in the event that any maturity date on 28 March 1989, in the event that any maturity date on 28 March 1989, in the event that any maturity date on 28 March 1989, in the event that any maturity date on the succeeding business day without any interest or other sums in respect of the delay interest.



(Yet Nothing Slips Through Our Fingers)

We approach foreign exchange as a relationship business. So it is not the sheer volume of transactions which run through our worldwide trading rooms which sets us apart. It is the importance we place on each one.

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COMPANIES AND FINANCE: AMERICAS

Apple may turn its back on mass market

By Christopher Parkes in Los Angeles

Apple Computer. the struggling pioneer of the personal computer industry, may try to design its way out of trouble - by making tough, elegant and reliable machines which set it apart from the

mass market. With the aim of charging a "small premium" over computers from rivals such as Compag and Gateway 2000, Mr Gilbert Amelio, the recentlyappointed chief executive has told staff he wants Apple to become the Mag-Lite of the PC

Mag-Lite is a premiumpriced, finely engineered flashlight that stands out in a commodity-type market dominated by cheap, often throwaway devices.

Mr Amelio, who last month warned second-quarter losses would mount to about \$700m. but simultaneously pronounced Apple's problems "fixable", recently outlined his idea to a group of employees. He told them that the com-

pany, which made its name in leading-edge technology, could no longer compete effectively with companies that relied on Intel and Microsoft for core competencies in chips and software, while Apple had to sup-port higher research and development costs for its hardware and operating system. Mr Amelio's proposal, which

may form part of a grand recovery strategy to be announced in May on completion of Mr Amelio's first 100 days in office, would represent a sharp reversal of the tactics adopted by his predecessor, Mr Michael Spindler. In the closing months of his tenure, Mr Spindler slashed prices of Apple's Macintosh range in an attempt to clear stocks and bol-

Further details of restructuring are not expected until Mr The failure of this move was Amelio's May statement, underlined by Mr Amelio's although the expected write-off

be increased.

first substantial statement at for labour cuts has been the end of last month, when he increased from \$125m to \$175m. Though the Apple brand still issued the profits warning enjoys considerable kudos based on the need to restrucamong devotees and in some ture and run down inventories. Apple had stocks worth professional markets, analysts \$1.9bn at the end of the first suggested the group might quarter, half in components have difficulties persuading and half in finished computers.

buyers to pay a premium for design and reliability. While Apple retains a technological lead over its massmarket competitors by some closed substantially by Microsoft, which last year launched its Windows 95 operating system and is understood to be preparing an update as early as next vear.

better than diet colas, it has

portfolio in recent years.

been the one success in Pepsi's

launch, but that figure appears

Pepsi said it was a \$500m

Canadian cable-TV groups to form link

By Bernard Simon

More than 100 Canadian cable-TV operators plan to co-ordinate marketing, research and other activities with the aim of strengthening their hand in the intensifying competition against the country's powerful telephone

Members of the Canadian Cable-TV Association said yesterday they were setting up a new company, to be known as vision.com, to challenge Stentor, the consortium created by the regional phone companies in the early 1990s.

"We hope to accomplish together what none of us could accomplish separately," said Mr Ted Rogers, chairman of Rogers Communications, the biggest cable operator.

The joint venture will focus

on giving the cable industry a competitive edge in three main areas: Internet access, interactive TV and local phone

Vision.com will function as a franchisor, licensing prod-ucts and services to local cable companies. A crucial part of its work will be to develop national standards for cable equipment, such as modems and the digital video compression boxes required for interactive TV.

It will also seek to establish well-recognised national

Cable-TV is available to more than 80 per cent of Canadian homes, the highest penetration in the world. The industry has invested heavily in recent years in a fibre-optic cable distribution network. which offers greater speed and capacity than conventional

But the phone companies' financial and marketing muscle have so far given them an advantage in the conver-gence of phone and cable tech-

The cable industry plans to invest C\$4bn-C\$5bn (U\$\$2.9bn-US\$3.6bm) over the next five years, mainly to upgrade the distribution network, introduce high-speed access for computers, digital video compression, and prepare for entry into the local phone market

The 10 largest cable operators will each name one director to vision.com's board. Another two directors will represent the interests of small English and French-language operators. Votes will be based

NEWS DIGEST

Allegheny-Teledyne takeover detailed

The conglomerate formed by the agreed all-share takeover of California's Teledyne by Allegheny Ludium of Pennsylvania will comprise two groups that will in effect be separate. Teledyne's technology interests, including aviation and electronics, will continue to be run from Century City, near Los Angeles, while its speciality metals business is expected to be folded into Allegheny's core stainless steel business. Observers said that given Allegheny's much praised strategy to date of concentrating on metals, this raised the possibility of a sale of the Californian arm at some stage. Although company officials said there were no such plans, there is a lively market in defence-related electronics assets, and Allegheny, which made its first approaches a year ago, had previously said it was interested only in Teledyne's special

Its appetite had been further whetted by revelations during a long-running takeover siege staged by WHX – that Teledyne had a substantial surplus in its pension fund, while Allegheny's scheme was underfunded

The takeover transaction, valued at \$3.2bn, will create a group - Allegheny Teledyne Inc - with total annual sales worth \$4bn, of which about \$2.4bn will come from metals. Apart from aviation and electronics equipment, Teledyne also manufactures an assortment of industrial and consumer

Executives said synergies would result in an aggregate increase of \$85m in pre-tax profits. The deal appears to conclude Teledyne's battle - which has lasted more than a year - to fend off the unwelcome attentions of WHX, parent of the Wheeling-Pittsburg steel group, which opened its bidding with a \$1.2bn offer in late 1994. Its latest offer, worth \$1.78bn. was made and rejected in February, when WHX threatened to counter with a campaign to oust the Teledyne board.

SWP shares up as trading starts

Shares in Saskatchewan Wheat Pool, Canada's biggest farm co-operative, went immediately to a C\$2 premium over the C\$12 offer price when trading began on the Toronto Stock Exchange yesterday. The farmers of Saskatchewan, Canada's biggest wheat producing province, had fully-owned the grain-handling co-operative since 1924. Mr Leroy Larsen led the move to go public despite the protests of many member

"It's a big culture change but we'll benefit from a larger and more diverse shareholder base," Mr Larsen said. "We must compete and grow the business profitability." Besides running more than 500 grain elevators, SWP operates farm supply centres and owns interests in several food processors, an ethanol producer and other businesses. It has nearly one-third of the western Canada grain handling business.

In the year ended July 31 1995, net profit was C\$32.6m (US\$24.1m) or C\$1.20 a share on the new B stock, on revenues of almost C\$4bn. SWP is now closing outdated grain elevators and centralising its handling system.

The company's capital is now structured into class A voting stock, all held by the member farmers, and nearly 30m class B non-voting shares valued in the market yesterday at more

The farmers and employees took up about 60 per cent of the B shares and outside investors were offered 12.8m at C\$12 a share for a total value of about C\$154m.

Robert Gibbens, Montreal

Canada air traffic sale complete The Canadian government has completed the sale of the air

traffic control systems at the country's main airports to Nav Canada, which is controlled by several airlines, the air traffic controllers and private aircraft operators, for C\$1.5bn (US\$1.1bn). The government will retain a regulatory role after the July 1 handover.

Nav Canada is raising nearly C\$3bn by an issue of debt securities, mainly in Canada, for which RBC Dominion Securities is the lead underwriter. The funds will be used for the purchase and also for operations. Nav Canada will set fees to recover all costs and will be operated as a private utility.

Flat reception for true blue Pepsi relaunch

By Roderick Oram,

Stony silence greeted the finale vesterday of Pepsi-Cola's extravagant launch of its radical change in image and

As the temporary stage in a hangar at London's Gatwick airport pulled back to reveal a blue Concorde airliner, barely a murmur was heard from the audience of hundreds of trade customers, journalists and Pepsi personnel from around

hour of upbeat speeches, effervescent supermodels and frantic images of teenagers knocking back Pepsi products Concorde in Pepsi's new corporate colour - the key to its rejuvenation and renewed attack on Coca-Cola - seemed to some like an anti-climax.

"Project Blue represents a

quantum leap into the future wars will be fought in the 21st century." Mr John Swanhaus. Pepsi-Cola's senior vice-presimarketing, said as the presen-Bombarded by more than an tation built to its climax.

In some 20 countries by the end of this year, and the rest of the world except the US and Canada by the end of next. Pepsi will have ditched its red. white and blue logo and cans for predominantly blue ones. This, it believes, is the colour of "style, refreshment and

It is trying to appeal to teenagers - "the most important consumers of today and tomorrow", Mr Swanhaus said. For years, Pepsi had trailed far behind Coca-Cola in global soft drinks markets, enjoying dominance over its red rival in

only a handful of minor markets. It hopes to fight back by branding itself as the drink of the hip and young. "It's very clear that Coke is the dominant international

After a loss in the first three

months of \$69m, statements

from the company suggested the number of job losses - pre-

viously set at 1,300, or 9 per

cent of the workforce - might

player with Pepsi as the always-distant number two," said Ms Jennifer Solomon, the soft drinks analyst with Salomon Brothers in New York. "But Pepsi is getting savvier. The themes and colour are

taken from Pepsi Max. the sugarless soft drink first launched in the UK several years ago. Popular for tasting

to include all costs, from higher advertising and marketing spending to installation of more vending machines and painting blue some 30,000 The UK spend, for example,

will rise 50 per cent to £35m (\$53.4m) this year. A large part of that will be on direct advertising and marketing and the balance on ancillary

Aetna purchase highlights a growing trend Acquisition of US Healthcare may create national managed care group, writes Lisa Bransten

ierce competition and shrinking profit margins are driving the US healthcare sector. This was highlighted this week when Aetna - once a traditional insurer - spent nearly \$9bn on buying US Healthcare, the managed healthcare group. That trend is expected to 500 by 450 per cent.

gain momentum, as big healthcare groups bolster membership by buying the small, regional, managed care groups that emerged during the mid-1990s. Mr Bob Eicher, a principal at

Foster Higgins, an employee benefit consulting group, says the number of healthcare organisations will shrink from the current 1,500 to less than 100 over the next five years. The healthcare revolution in

the US gathered steam in the early 1990s, as private healthcare purchasers - generally, those companies responsible cutting costs and expanding for covering their workers turned to managed care to control costs. Managed care Bear Stearns, the US investgroups, such as health mainte-

grew by offering lower premiums, achieved by requiring patients to choose among certain groups of doctors, hospitals or other providers.

Enrolment in HMOs soared. as did their profitability. From 1987 to 1990 HMOs outperformed the Standard & Poor's

But at the start of last year. their profit margins began to shrink, as US corporations with large pools of potential members used their leverage to negotiate lower premiums. Last year the average cost of HMO cover fell 3.8 per cent, to \$3,385 per active employee, according to Foster Higgins' annual survey. It was the first decline since the survey began

"The predominant mind-set among senior executives at major managed care firms is to obtain economies of scale by market share," says Mr Gary Frazier, a healthcare analyst at ment bank. One of the primary

The rise of managed health care

% of employees contributing to health insurance Traditional indemnity

> its merger with Aetna will he access to the insurer's roster of big companies with employees across the US - creating what may become the first national

1992 93 94

"Companies with 10 or more employes:

Source: Foster Higgens

95

managed care group. Other large managed care groups are also rushing to build multi-regional organisanance organisations (HMOs), benefits for US Healthcare in tions. Last year, United Health-time.

care, the biggest US private managed care group before the Aetna deal, moved into the north-east from its base in the Midwest by buying Metra-Health, the combined health insurance businesses of tradi-

tional insurers Met Life and

Travelers Group.

More evidence of the appetite for mergers comes from the non-profit Blue Cross and Blue Shield network of insurers. which has been losing money as its independent members compete with better-managed, publicly-traded companies. In 1994, the system lost \$104m, even as it moved from providing traditional insurance into managed care.

In the past five years a number of the Blues, such as Blue Cross of California, have moved into the "for-profit" sector to give them the stock and access to financing that will allow them to buy smaller providers and remain competitive. The number of Blue Cross/Blue Shield insurers has shrunk from more than 80 to 63 in that

Rising cost pressures have also led managed care groups to look to strategic partnerships with healthcare providers as a way to control costs. Last week, for example, Blue Cross and Blue Shield of Ohio

agreed to be acquired by Columbia/HCA, the largest forprofit hospital group in the US, for \$230m This strategy of vertical integration is seen as more risky than the merger of similar

healthcare groups. It could be especially dangerous for Columbia, which might lose business from competing insurers that would view its hospitals as competitors rather than It is an experiment, says Mr Curtis Lane, healthcare banker

at Bear Stearne It could be

risky, "but if you're not getting

the volume from other HMOs

anyway, then you're not worried about losing it". For both healthcare providers and the managed care groups that pay them, the goal is to find ways to reduce costs,

BENETTON GROUP S.p.A. Registered Office: Via Villa Minelli, 1

Ponzano Veneto (TV) - Italy Ponzano Veneto (TV) - Italy Issued and fully-peid capital stock: Lire 87,276,862,500 Treviso Company Register No. 4424

NOTICE OF ORDINARY AND EXTRAORDINARY GENERAL MEETING Stockholders are called to an Ordinary and Extraordinary General Meeting to be held, in first calling, at 10.30 a.m. on April 30, 1996, at Via Villa Minell, 1, Portzano Veneto (TV), Italy, or in second calling, if necessary, at the same time and place on May 2, 1996.

Ordinary Meeting
To receive the reports of the Board of Directors and the Board of Statutory Auditors;
To examine the belance sheet as of December 31, 1985, and the profit and loss account for the year then ended; related resolutions;
To appoint the Board of Directors, fixing the number of members and the length of their term of office;

4. To fix Directors' emoluments;
5. To appoint the Board of Statutory Auditors and its Chairman, fixing their annual remuneration
6. To authorize the purchase of own shares.

To resolve on the proposed take-over by merger of Azimut S.p.A.and immobiliare Castrette S.p.A.;
 To widen the objects of the Company and amend art. 3 of the Articles of Association.

Registered Spotkholders may attend the Meeting If they deposit their shares, at least five days beforehand, at the registr office of the Company or with one of the following agents:

Monte Titoli S.p.A., Banca Commerciale Italiana, Banca Nazionale del Lavoro, Credito Italiano, Banca di Roma, Istituto Bancaro San Peolo di Torno, Monte del Paschi di Siena, Banco di Napoli, Banco di Sicilia, Cassa di Risparmio della Provincia Lombarda, Banca Popolare di Navara, Banca Nazionale dell'Agnocitura, Deutsche Bank, Banco Ambresiano Veneto, Banca Popolare di Milano, Rolo Banca 1473, Banca Popolare di Venetone, Banca di Trento a Botzano, Banca Popolare Veneto, Banca Popolare Hitladria,Cassamara, Banca Antoriana, Banca Popolare di Asolo e Montebellina, Morgan Guerenty Trust Company, Deutsche Bank A.G., Citibank London, Società Générale, Banca della Svizzera Italiana.

ABN•AMRO Holding N.V. established at Amsterdam

FINAL DIVIDEND 1995

The Managing Board of ABN AMRO Holding N.V. proposes, with the approval of the Supervisory Board, to declare a dividend for the 1995 financial year of NLG 3.60 per ordinary share of NLG 5 each. As NLG 1.60 has already been made available as interim dividend, the final dividend will be NLG 2.00.

The final dividend will be payable, at the shareholder's option, either wholly in cash or wholly in ordinary shares chargeable to the share premium reserve. Shareholders are given the opportunity until the closing of the Amsterdam Stock Exchange

on 2 May 1996 at the latest to indicate their choice. Failing notice by that date, holders of shares will receive the dividend in cash, minus 25% dividend withholding tax, On 2 May 1996, after the close of trading on the Amsterdam Stock Exchange, the number of stock dividends entitling to one new share will be determined on the basis of the average quotation for that day. The value of the stock dividend will be between 2% and 5% lower than

be announced during the General meeting of shareholders. The new ordinary shares rank fully for dividend for 1996 and ensuing financial years. Final dividend taken in the form of ordinary shares is chargeable to the share premium reserve and therefore exempt from Dutch withholding tax and income tax.

the value of the cash dividend. The number of stockdividends entitling to one new share will

To round stock dividend holdings to exchangeable numbers, the stock dividends can be traded on the Amsterdam Stock Exchange from 6 May up to and including 10 May 1996.

The calendar is as follows: 3 April - 2 May 1996 : Period for instructions concerning dividend options : Determination of stock dividend (after close of trading)

2 May 1996 3 May 1996 : General meeting of shareholders: approval of dividend proposal 6 May 1996 : Ex-dividend quotation 6 - 10 May 1996

: Trading in stock dividends to round holdings to exchangeable numbers : Final dividend payable

Shareholders who have deposited their securities with a bank or stockbroker are requested to notify their choice within the determined period, through their bank or stockbroker, to National Westminster Bank PLC (Crawley) or to ABN AMRO Bank N.V., Herengracht 595, 1017 CE Amsterdam, the Netherlands. If you, as shareholder, do not notify your choice at your bank within the determined period, your bank or stockbroker will make in general a choice for you. Shareholders who have not deposited their securities with a bank or stockbroker are requested to notify their choice direct to the bank's above address. Holders of registered shares, whose names have been entered in the ordinary share register, will be notified individually of the final dividend.

The preference and convertible preference share dividend will be announced in an advertisement dated 6 May 1996.

ABN AMRO Holding N.V.

20 May 1996

Amsterdam, 2 April 1996



CREDIT LOCAL DE FRANCE FRF 300,000,000.-REVERSE FLOATER **DUE 2003**

sognousers are gerely morned that the rate for the shift period of interest hat been set at 5.18485 % and is payable as from October 1sr, 1996.

The inserest for the coupon N°6 is for the period from April 1st, 1996 to September 30th, 1996 (inclusive) and the price for the compon N°6 is FRF 518.49 for the FRF 10,000 Notes and FRF 5,184.95 for the FRF 100,000 Notes. The Fiscal Agent

CREDIT LYONNAIS LUXEMBOURG S.A.

Eagle Pier Corporation B.V. Floating Rate Secured

Notice is hereby given that the notes will bear interest at 5.75% per annum for the at 5.15% per autum for me period 3 April 1996 to 3 October 1996. Interest payable on 3 October 1996 will amount to US\$29.23 per US\$1,000 note.

US\$300,000,000

Notes due 2001

Agent: Morgan Guaranty Trust Company **JPMorgan**

In the absence of any further developments since the last announcement on 13 March 1996, caution should continue to be exercised in any dealing in the

shares of the company.

2 April 1996

PERSONAL

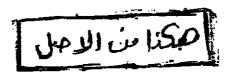
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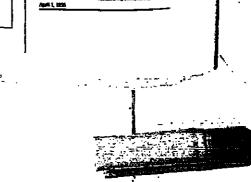
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The Republic of Venezuels

NOTICE TO THE HOLDERS OF US 1,500,000,000 UNITED LIBOR/CETES NOTES DUE 11/27/96. The Applicable Cese Ente for the period of March 20, 1996 to April 17, 1996 is 41,56% annual. **MCHEMICAL**

CHEMICAL BANK, NEW TORK FISCAL/PAYING AGENT





COMPANIES AND FINANCE: ASIA-PACIFIC/INTERNATIONAL

SA bank to mirket US cash management systems

By Mark Ashurst in Johannesburg

First National Bank of Southern Africa has secured exclusive access to the sub-Saharan region to sell the global electronic cash management systems of Chase Manhattan Bank and Bank of America under its own

Private labelling in the banking market has been spreading, as many banks find it too expensive to develop their own international treasury systems. Chase, for example, has already sold its private label elec-tronic banking system to clients such as Westpac of Australia and US Trust.

"This is thost complex of any private labes deal with American banks," said Jay Runewitsch, an independen Isultant advising First National F. "South Africa is a very specisituation and I don't think eltl Chase or BoA will actively set this kind of arrangement any re else."

FNB dotates electronic banking in southeAfrica and has invested about R2 (\$6.25m) in developing these seres for corporate clients over the tive years. Its deal with the USanks reflects growing

vices, and stiffer competition from foreign banks, as South Africa returns to

Mr Barry Swart, FNB managing director, said the new product, First-World, would combine treasury systems and electronic funds transfer with FNB's domestic services. "Neither Chase nor BoA uses the system we've got. FirstWorld is a combina-

tion of all three products."
FirstWorld will enable electronic payments and multi-currency foreign exchange transactions to be processed in about 25 seconds, via a permanent telecommunications link leased from

first to gran single foreign bank demand from local corporations for British Telecommunications. The access to the two US international cash management sernumber of transactions, which previonsly took between 24 hours and 48 hours to complete, is expected to multiply when exchange controls are

> The new products will supersede the cash management services offered by FirstCorp, the merchant banking operation acquired from Citibank when the US multinational quit South Africa in 1988. Its return last year was the catalyst for FNB to develop its own international cash management

"Our business would automatically have gone back to Citibank if we had not updated the old Citibank systems

inherited in the 1980s." said Mr David Meadows, vice-president of FirstCorp. which last year processed about 90,000 transactions on behalf of 10 of South Africa's largest mining, manufactur-

ing and retail conglomerates. Citibank, the biggest of the foreign banks in South Africa, had declined an approach from FNB to franchise

Mr Mark Taylor, executive vice-president of global payment services at Bank of America, said he hoped the deal would form a basis for closer collaboration with FNB in future. "The fact that this is a nonexclusive contract means that we're

NEWS DIGEST

Newcrest rejects **Normandy plan**

Newcrest Mining, the Australian gold producer, yesterday rejected proposals from Normandy Group to break the stalemate between the two companies over merger plans. Newcrest directors said, however, that they were still prepared to discuss a merger if certain conditions were fulfilled. They recommended formal discussions be started between the two. The Newcrest statement followed on offer on Monday from Normandy's chairman, Mr Robert Champion de Crespigny, to include Newcrest in a merger. But he said Newcrest would first be required to support a merger of the four Normandy Group companies. Newcrest has already rejected the four-way merger plan after spending more than A\$450m (US\$354m) this year to buy strategic stakes in two of the Normandy

companies from Minorco, the South African mining house. Newcrest said yesterday: "The basis on which Newcrest would be prepared to enter into merger negotiations is that they lead to a binding agreement prior to the Normandy Group merger proceeding. Newcrest does not consider it appropriate to agree in advance to a valuation process where the interests of the Newcrest shareholders are in the hands of

Malaysian betting group ahead

Tanjong, the Malaysian betting group, reported group net profit for the year ended January 31 of M\$160.6m (US\$63.4m), a rise of 6.3 per cent on the previous year.

"The major contributors to the improved performance were increases in net interest income, increases in investment income and reduced prize payouts in the Numbers Forecast Totalisator Business," the group said. It added that prospects for the current year remained good although two joint-venture operations, Tanjong Golden Village and Pacific Online Systems, were not expected to make significant contributions.

Lend Lease buys UK stake

Lend Lease Corporation, the Australian financial services group, has bought a 50 per cent stake in Chelverton Properties, the UK property group, for an undisclosed sum Lend Lease said it would provide a £10m (\$15.2m) loan to Chelverton to help it become a "significant retail development force in Europe". Chelverton specialises in out-of-town retail

Sanfu Motors mulis Burma move

Sanfu Motors, the Taiwan carmaker, is considering investing about US\$300m to build a car plant in Burma, said Taiwan press reports. No date was offered for the plant to be ready and production targets were not given.

Bid consortim invites Cairo to put up or shut up

Ministers will have to shw that they are serious about privatisation

commitment to privati-sation will be tested in the next few days as the government decides whether to give the green light to the first majority sale of a state asset through the Cairo Stock

In the first offer of its kind in Egypt, a consortium of local and foreign investors has put together a formal bid to buy a 65 per cent stake in the Alexandria Portland Cement

The initial offer is priced according to last week's closing share price of E£354, which values the stake at E£230m

Although more than 60 per cent of the money raised will come from local participants in the consortium, which is led by a leading local merchant bank, the Egyptian Financial Group, some of the best-known UK and US global and emerging market investors are included. Until now, the Egyptian govpush ahearith full-scale privatisation fear of losing control of industrial sector and creatinnass unemploy-

Out of a of more than 300 state assessated for sale, only threompanies have been fullyd - wholesale, to other consies - since 1991, when Eg embarked upon wide-raphs economic reforms, roved by the Inter-national netary Fund and

Sixteeothers, including Alexand Cement, have been only pally privatised, by the sale 10 per cent tranches of equito private investors throug the local stock

ith the appointment of a new prime min-ister, Mr Kamal el-Ganzi, at the beginning of this ir the government has repedly indicated that its privisation programme worbe faster and would cut dee into the public sector.

In February, it published a long-awaited list of state companies it wants to sell, including a majority sale of Alexan-dria Cement - 80 per cent owned by the state's Holding Company for Chemicals, with 10 per cent held in a trust for

its employees. Despite such public posturing, members of the consortium are taking care not to second guess a government which has been notoriously slow in responding to private sector initiatives.

"The bid [for Alexandria Cement] is a perfect opportunity for the government to show it is serious about privatisation. It will break the logjam in privatisation and encourage more investors to look seriously at the value of some of the companies being offered," says one foreign investor in the consortium

"If it is rejected, it will make a mockery of what they have been saying publicly," he adds. in the last fiscal year,

profits - from E£31.5m to E£53.2m - as a result of rising prices, lower provisions and repayment of its all debts. Sales increased 13 per cent from E£127.2m to

E£144m. As well as attractive cash reserves, it owns a sizeable stake in another Egyptian cement company, Suez

Although the company is widely felt to be overstaffed, with 1,537 employees, the consortium has pledged that it would not force any redundancies and would proceed with an expansion to 1.5m tons over the next three years. Although the bid has not

been officially announced, the target's share price has moved against the market, closing at 3 per cent above the bid price. The market has dropped 2 per cent since last Thursday.



James Whittington Ready for action: Cairo's bourse, where state stake would be sold

Peregrine: esult bolstered by sale ofstake in Invesco

Peregrine Investments secame a matter of contempon Holdings, the Hong Kong ner when the government ended a 55 per cent rise in net proits, ing and its representative there from HK\$650.73m in 199 to allegedly failed to represent its interests. The case is now in litigation.

HK\$767m profit realised outh

Elsewhere in Asia, Peregnine HK\$767m profit realised ofth sale of the majority of its ite-ests in Invesco, the UK and what the commany called "an

Recurring earnings wee bad, however. The coman's direct investment arm if Autralia made a number d por investments ~ principal; in: plastic moulding preduce which was unable to met th demands of a competitive maket and forced Perecine write off HK\$77m in the cou try, after three years of waitir for the venture to make good. Losses were also recorded:

er cent stake is a prawn plant Investments ecame a matter of contention chant bank, yesterday reposed recognition of leregrine's hold-

> extremely diffrult and frustrating year". Crporate finance struggled unler poor condiwas profitable but tough. However, fixed irome and equity derivatives - principally covered warrars on the Hong Kong market- performed well. In an attempt to tackle its problems and to streamline

operations, te group restruc-

tured its maagement team at

the end of lar year. The board

four executive and three nonexecutive directors. An executive committee (Exco), comdirectors, with heads of the various husiness streams, has been formed to act as the manement nucleus.

Perezrine has assumed full control of its activities in advisory work, trade financing business and running a fish trading operation, "50-50 joint ventures just don't work," said Mr Alan Mercer, managing director of Exco.

Earnings per share on a fully diluted basis rose 45.73 per cent, from HK\$1.067 to HK\$1.555. Shareholders are to receive a dividend of 28 cents. up from last year's of 25 cents, and a one-for-10 bonus issue of

IN INDONESIA WE

PROTECT THE RAINFOREST

WITH FISH.

442 project has resulted

int preda being bild m the Iran Java came occi

The fill proofs you also a small nceded, selubble source of majorn

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Annual General Meeting of Telefónica Shareholders.

GOALS ACHIEVED IN 1995: GROWTH, EFFICIENCY, QUALITY AND STRENGTHENED POSITION.

110 105 100 95 90 85 1991

80 **7**5 70 65 60 - 59 55 1991 1992 1995

ECONOMIC HIGHLIGHTS	TELEFO	TELEFÓNICA		CONSOLIDATED GROUP	
	1994	1995	1994	1995	
Operating Revenue (mill. Pta)	1,283,536	1,372,674	1,578,850	1,740,557	
Operating Profit (mill. Pta)	366,938	390,419	432,397	509,882	
Income before tax (mill. Pta)	109,604	121,129	171,651	223,711	
Net income (mill. Ptz)	91,734	106,183	112,608	133,214	

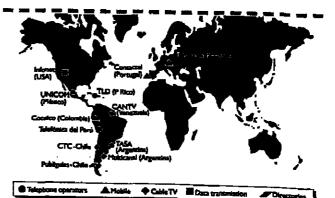
and had he the local community The also produce as insulable hyperature a reason for the subspect

Our priority regarding our shareholders is that of improving their return on investment, and we are therefore dedicated to increasing revenue per line, achieving improved productivity levels, the self financing of the Group and the distribution of greater dividends in line with the Group's results.

CONFIRMED INTERNATIONAL LEADERSHIP

SHAREHOLDER COMMITMENT

Troughout 1995, Telefónica de España, trough its subsidiary Telefonica Internacional, confirmed its position of leadership in the telecommunications sector in Latin America, strengthening the competitive position of the operators under its management, expanding its activity to Mexico's long distance market and reaching an agreement to gain access to the cable TV business in Argentina. As a consequence of this policy, Telefónica has both maintained and confirmed its position as Spain's leading multinational.





VOLKSWASEN AG Wolfsburg

invitation to the Ordary Annual Meeting of Stockholers

We have pleasure in invitingolders of ordinary and referred shares to the Ordinary Amitial Meng of Stockholders toe held at 10.00 a.m. on Wednesday, June 5956 at the Congress Catrum Hamburg. Am Dammtor, 20355 Harring.

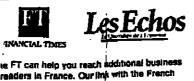
- Presentation of the offirmed financial statements, the consolidated financial statements, the Managment Report and the Group Manament Report for the yet ended December 31, 1995.ogether with the Report for the Secondary P
- Resolution on appoint tion of net earnings at lable for
- 3. Resolution on ratiation of the actions of th Board of Management forte fiscal year 1995.
- flesolution on relication of the actions of th Supervisory Board

Resolution on aproval of an inter-companegreement. Appointment auditors for the fiscal years 986. Entitlement to and the Annual Meeting of Stockholders and to ise voting n'its is restricted to stockho lers, and with regard to watercase voting these servicines to stockholders, and waterlegand to voting rights holds of ordinary shares who, i accordance with the Articles of Associon, deposit their shares or entiticates of deposit of

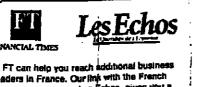
for central deposity of securities and leave than there until the end of the Annual Moets of Stockholders. The depository i3reat Britain is S.G. Warbug & Co. Ltd. in London. It is also permissle, with the agreement of a depository, to hold the shares at anoth bank and block them unli the end of the Annual Meeting of Storolders.

thes stores formbank for central depository (securities at the latest by May 28, 1206 the depository designated blow, at a notary or a bank

Wolfsburg, Ar 1996



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World Wide Fund For Nature Cornert World Wildlife Franch

up practical projects to

po Officer at the adules hel

UK contracting gets filip as continuing businesses rise 28%

Tarmac passes low point

Tarmac yesterday reported encouraging signs in UK contracting as it announced a 28 per cent increase in operating profit on its continuing busi-nesses for 1995.

Although Tarmac's construction profits slipped to £8.2m (£13.1m) on turnover of £938.3m (£951.8m), Mr Neville Simms. chief executive, believed the contracting cycle had reached its low point.

Orders were very strong in the last quarter and enquiries were of much better quality." He added that the structural changes taking place in the industry, including Tarmac's own asset swap with Wimpey, could only help the recovery. Pre-tax profits after excep-

distinctive prints, yesterday

announced the departure of its

chief executive and warned of

a sharp fall in profits, writes

with £3.6m previously, and

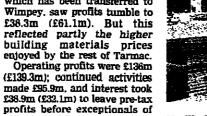
there will be no final dividend.

David Blackwell.

tionals fell to just £20.3m

Mr Simms said no decisions had yet been made as to job losses following Tarmac's acquisition of Wimpey's construction and aggregates in February. But he made it clear that significant cost savings were expected, particularly in central construction.

The housebuilding division, which has been transferred to Wimpey, saw profits tumble to £38.3m (£61.1m). But this reflected partly the higher building materials prices enjoyed by the rest of Tarmac. Operating profits were £136m (£139.3m); continued activities made £95.9m, and interest took





Neville Simms; orders were very strong in last quarter

Liberty sees sharp fall as chief resigns

Liberty, the retailing and In spite of the world famous brand name centred on the textiles group known for its

flagship store in Regent Street, London, profits have been in decline from the £7.23m of 1990-91. Analysts speculated yester-

recession and changing con-

day that the network of small branch stores would be Mr Patrick Austen, chief executive for just under three years, resigned and three pruned. Mr Denis Cassidy, appointed other directors stepped down from the board. Profits for the chairman last June, said the group had clearly not coped well as a retailer with the year to January 27 will not be more than £2.1m, compared

temporary trends.

COMPANC S.A. Perez Compano

(Incorporated in Argentina as a sociedad anonima. NOTICE OF A MEETING

NOTICE OF EARLY REDEMPTION to the Holders of

US\$75,000,000 101/z per cent Notes due 1999 (the "Noteholders" and "Notes" respectively) of Compania Naviera Perez Compane S.A.C.F.L.M.F.A. (now Perez Compane S.A.)

NOTICE IS HEREBY GIVEN, in accordance with the Sixth Schedule to the This Deed, dated June 29, 1993, entered into between Compania Naviero Perez Compani S.A.C.F.I.M.F.A. (now Perez Compane S.A., "Perez Compane") and Citicorp Truste Company Limited, as trustee (the "Trustee"), in connection with the US\$75,000,000 101; per cent Notes of Perez Compane due 1999 (the "Notes") that a meeting of the holders of the Notes will be held at 200 Aldersgate Street, London ECIA 411, England. at 2pm on 2 May, 1996 (the "Noteholder's Meeting"), to deliberate on 4 propo Extraordinary Resolution to amend the Terms and Conditions of the Notes by repla Extraordinary Resolution to ameno the terms and Condutions or the twices by replacing the obligation of Perez Compane to exchange the Temporary Global Note for Definitive Bearer Notes with an obligation to exchange such Temporary Global Note for a Registered Global Note the "First Extraordinary Resolution" and that a theeting shall be held to ratify any action taken at the Noteholder's Meeting at Maipu 1, 2nd SS. Buenos Aires, Argentina, at 10am on 3 May, 1996 (the "Ratification Meeting" and, ogether with the Notcholder's Meeting, the "Initial Meetings"). The Extra on shall be in substantially the form set forth below:

 RESOLVED, that, notwithstanding any provisions to the contrary in the Terms and Conditions of the Notes, the Trust Deed, or any other document, officers and directors of Perez Compane be, and they hereby are, authorised and directed to take all appropriate action to usue a Registered Global Note in exchange for the Temporary Global Note; and turther

RESOLVED, that, if the foregoing resolution is passed by the Notcholders whether at the first or adjourned meetings of the Noteholders, that the notice of redemption issued by Perez Company pursuant to the provision of Condition (i/h) on the same date as the publication of these Extraordinary Resolutions shall be revoked, shall cease to have effect and Perez Company hall not be obliged so to redeem the Notes, and turther

RESOLVED, that the Trustee and Perez Company shall enter into all such other agreements and documents and do all such other things to give effect to

The background to and the reasons for the Extraordinary Resolution are summarised in a memorandum to Noteholders from the Chairman of Perez Company S.A. (the "Chairman's Letter", To obtain a copy of the Chairman's Letter, Noteholders may contact one of the Paying Agents, the Trustee, Cedel Bank, Eura-Clear or Perez Company at their specified offices.

The attention of Noteholders is particularly drawn to the quorum required for the Noteholder's Meeting as sel out in Paragraph is 1 of "Voting, Ratification and Quorum" below, Noteholders are strongly urged to take steps as soon as possible to be represented at the Noteholder's Meeting as explained below. VOTING RATIFICATION AND OLORUM

The Notes are in hearer torin. A Noteholder wishing to attend and vote at the Noteholder's Meeting in person must produce at the Noteholder's Meeting a Note or Notes of which he is the holder, a valid voting certificate or certificates reach by a Paying Agent or must be a proxy holding a block totang instructions issued by a Paying Agent. Voting certificates and block totang instructions will be issued in respect of Notes deposited with any Paying Agent or (to the satisfaction of such Paying Agent) held to its order or under its crossed or blocked by a depositary bolding the same in the manner approved by the Trustee not later than 10.30am on 29 April, 1996. Duly resent voting certificates and block witing instructions will be valid for as long as the relevant Notes continue to be so deposited, held or blocked and, while valid, the holder of any such voting certificate or (as the case may be) the provines named in any such block voting instruction shall be deemed for all purposes in connection with the Noteholder's Meeting to be the holder of the Notes to which such voting criticate or blocked voting instruction relates (and the Paying Agent with which such Notes have been deporated or to whose traker or under whose control they are held or the person holding them blocked as aforesaid shall be deemed with such purpose not to be the

The quorum required is at least two or time persons, in the case of the Noteholder's Meeting, and one or more persons, in the case of the Raitfication Meeting, holding Notes or voting certificates or being provises and holding or representing in the aggregate, as the Noteholder's Meeting, not less than 60%, and at the Raitfication Meeting, not less than 60%, and at the Raitfication Meeting, not less than 60%, and principal nount of the Notes for the time being outstanding.

Approval of the Estraordinary Resolution at the Noteholder's Meeting will require the transmous affirmative vote of all votes cast thereon. If passed, the Extraordinary Resolution will be binding on all Noteholders (whether or not

In the event that a quartum is not present at the Norcholder's Meeting, then such meeting shall be adjourned to the earliest date and time possible after the original Norcholder's Meeting at the original Norcholder's Meeting location high shall be followed on the earliest date and time possible by a meeting to

Further provisions relating to the Noteholder's Meeting are set out in the Trust Deed and are available on request from the Paying Agents referenced

AND FLRTHER, NOTICE IS HEREBY GIVEN, in accordance with Concluden 6(b) of the Terms and Conditions of the Notes, dated June 29, 1993, that the US\$75,000,000 101/c per cent Notes of Perez Compane due 1999 will be redeemed in full by Perez c on the later of (i) 21 May, 1996, or (ii) two business days after reje Extraordinary Resolutions or a lack of quorum at the adjourned Noteholder's Mei the "Recentiston Date" at their Principal Amount outstanding on that date toget with interest accrued to the Redemption Date unless the Extraordinary Resolution described above are duly approved by the Noteholders either or the Initial Meeting t the adjourned Meetings. Interest shall cease to accrue on the Notes from the the adjourned sectings. If an adjourned Noteholder's Meeting is required then the notice terror shall include the Redemption Date and the calculation for payment thereand Capitalised terms used herein and not otherwise defined shall have the same meaning a

Caubank (Luxembourg) S.A. 16 Avenue Marie-Therese 1-2132 Luxembourg

Citibank, N.A. 336 Strand Loodon WCCR 1HB

PEREZ COMPANCIS A.

CITIBANC

Deutsche Telekom could buy Videotron

By Alan Cane

Deutsche Telekom, Europe's biggest telecommunications group, is in talks which could lead to it acquiring a majority stake in Videotron Holdings. the UK's sixth largest cable television company.

It is one of a group of telecoms and cable operators including AT&T, the largest US long-distance carrier, and KPN, the Dutch state-owned telecoms operator, which have been investigating the possibility of acquiring a 56 per cent stake in Videotron from Groupe Videotron, its Canadian parent. At yesterday's prices the stake would be

worth C\$526m. The Canadian company put the stake on the market two months ago after Videotron's performance in the UK market failed to reach expectathe UK would change radically should Deutsche Telekom acquire Videotron.

The German company, which operates the world's largest cable network, reaching 15m German households, is moving urgently to establish a bridgehead in the UK to counter the invasion of its home market by British Telecommunications.

Earlier this week it emerged that it would be BT's preferred purchaser of Mercury Communications, its principal UK rival should a merger between BT and Cable and Wireless take place.

The second largest shareholder in Videotron is Bell Cablemedia, a UK cable operator in which Bell Canada has a 42 per cent stake. Bell Cablemedia is understood to be a potential bidder for the percentage it does not own.

Rising trend for **MBOs and MBIs**

By David Wighton

The value of management buy-outs and buy-ins in the UK reached a record £8.1bn (\$12.3bn) in the year to March on the back of buoyant stock markets and the trend towards "focus" among UK quoted com-

In the first quarter of 1996. an estimated £3.3bn of transactions were completed, the second highest figure for a threemonth period, according to a report by Nottingham University's Centre for Management Buy-Out Research.

The quarterly figure was helped by the privatisation of the British Rail rolling stock leasing companies for a total of £1.72bn. But the report suggests the figures reflect a strong underlying trend which

is set to continue. Mr Chris Ward, head of MBO services at Deloitte & Touche Corporate Finance, said there had been a significant shift towards externally generated deals, particularly investor buy-outs. "The leading venture capitalists are serious buyers of businesses. They have now been joined by KKR, the US leveraged buy-out specialist. which has recently completed its first UK deal with the £206m acquisition of Reed Regional Newspapers."

There has also been a big rise in the number of buy-outs and particularly buy-ins from private vendors. Such transactions include secondary buyouts in which venture capitalists acquire businesses from existing venture capital investors, sometimes with a mar agement change in the middle.

Other influences behind the high level of activity include the availability of equity, mezzanine and debt finance and the number of private companies selling ahead of a possible Labour government which may introduce tax changes.

In terms of exits, there was a low level of flotations in the first quarter, with only two market. But 25 trade sales of buy-outs and buy-ins are expected to be completed.

Mr Stephen Welton director of BZW Private Equity, said: "Paradoxically, although the trend for focus is helping drive the MBO market, it is also generating exit opportunities. There are strategic forces behind the current strength of merger and acquisition activity as companies seek to build strong positions in their cho-sen marketplaces."

Thorn reveals music talks with Bertelsmann

By Alice Rawsthom

Thorn EMI, the leisure group, held discussions this winter with Bertelsmann, the German media concern, about a possible alliance between their music divisions.

The talks are believed to have been inconclusive with both companies deciding against an alliance. It could have involved pooling distribution and other functions of EMI Music and Bertelsmann Music Group, the world's fourth and fifth largest record

An alliance between EMI and BMG would have created the largest force in the \$40bn global music industry. However such an alliance might have run into anti-trust problems in the US and other countries.

Bertelsmann is understood to have decided to concentrate on expanding other areas of activity, culminating in yesterday's announcement of the

acquisition of CLT, the Luxembourg television company.
Thorn EMI continues to face

stock market speculation that a predator might bid for the entire group before the demerger in an attempt to acquire EMI Music at a lower price.
Thorn EMI's shares soared yesterday in frenzied buying to close 140p higher at a record

The share buying followed rumours that Time Warner, the US entertainment group, or Sony, the Japanese electronics and entertainment concern. planned to bid at £22 to £23 a

£18.43, valuing the group at

£7.9bn, 67 per cent more than a

Analysts dismissed the rumours as "purely specula-tive". Although many expect a bid for EMI before or after the demerger. Seagram, the Cana-dian drinks and entertainment group, is a favoured contender, followed by Walt Disney and News Corporation.

Bad debt, lottery hits Littlewoods

The National Lottery, a sharp rise in bad debts at its home shopping division, and restructuring costs were behind a fall in profits at Littlewoods, the private retailing and pools group, writes

... Yr to Dec 31 * Yr to Dec 31

_ Yr to Dec 31

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Patrick Harverson. Pre-tax profits fell 16 per cent from £116m to £97.3m (\$148m) on turnover of £2.31bn (£2.46bn). Excluding exceptional gains of £18.8m from property disposals and the withdrawal from retail finance, operating profits were down at £77.7m (£107.6m).

The worst performing division was home shopping, which was hit by a surge in bad debts. The other problem area was

leisure, where the popularity of the National Lottery cut pools and spot-the-ball sales by 27 per cent. Mr Huntley said sales were likely to fall

RESULTS

Return of 70's-style development

London's biggest shopping development since the 1970s looks likely to go ahead following an agreement which uni-fies control of a 37-acre site at White City, to the west of cen-tral London. The deal brings to an end months of negotiations between the owners of different parts of the site and opens the way for a £200m (\$304m) development, writes Simon

Hammersmith & Fulham Council have already granted outline planning permission for a 700,000 sq ft shopping centre together with parking for 4,500 cars.

The project promises to be the largest of its kind in the capital since Brent Cross, the UK's first covered shopping mall, was developed in north London in the 1970s.

The announcement came as Chelsfield unveiled a 6 per cent increase in net assets per share

LEX COMMENT Littlewoods

Thospho believe companies ald be better run with institutional shareholds breathing down their :ks should take a look eesterday's grim set of res from Littlewoods. But th again, the John Lewis mership manages pretty | without shareholdersttlewoods' ownership strure - with control exercisey 32 members of the Moc family - seems uniquelmhelpful. To be

100 fair, Lityoods' problems 1990 91 82 93 94 95 are not of its own mak-ing. Thertional Lottery, Source Company

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which hagmmered Little woods' poside, is not its fault. And there are some signs that the fily is finally pushing the business to perform; capital in ment has been stepped up. and £32m is being

spent on ructuring. But givere legacy of tired stores and brands, it has a long way to go-irgins in the home shopping and stores busises are v below those of their main competitors. And the catalogue oation, Index, remains lossmaking. Given the economies cale in these businesses, they would almost certainly be th more to a rival than they are ever likely to be to the far. The case for selling them remains strong.

Woolwich loodeeply vulnerable. Having announced that conversion int bank is in the best interest of its members. and now lost agef executive, it is easy meat for predators to snap up. Bankse one obvious possibility. Other converting societies, most ly Alliance & Leicester, would be another. If they are feelingsh, life assurers would be a third.

In these circutances, the best way for the Woolwich to benefit its memb interests is clear. Rather than try to find a new chief extive, Woolwich should put itself up for

Woolvich loses chief executive

By Clay Harris and Alison Smith

Mr Peter Robinson amtly left his job yesterday affonly three months as chief zecutive of Woolwich Buildingci-ety, the UK's third large Mr Donald Kirkham, his pre-es-sor, will return as acting ief executive.

In a statement last nit, Woolwich said Mr Robing had resigned and that neit, it nor he would have any fi-ther commen. Mr Robinsa had not returned to his offic since arriving back in the UIon Monday from a 10-day holiday in Barbadis.

6.04 (4.08) 6.3 (5.4)

convert into a bank and float on the stock market next year remained "firmly on track". Mr Robinson's surprise departure. however, may make the society vulnerable to a bid from a potential predator. Among hose which might be intersted is Prudential, the UK's largest life assurance group, which is planning to launch a binking and mortgage lending operation in the autumn. Further evidence of turmoil

whin the sector came yesterday with speculation that anther society - probably Nothern Rock, the eighth largest- was due to announce tody plans to float and Woolwich said its plan to becme a bank.

10.6 6.68 8.26 5.32 5.1 1.65 1.71 (26.1) (468.2) (24.5) (15.9) (227.6) (7.29) (38.5) (60.3) (35.8) (414) (106.1) _ Yr to Dec 31 _ Yr to Dec 31 GBE lot ___ 6 mths to Dec 31 38.1 Yr to Dec 31 + 6 miths to Feb 29 Yr to Dec 31 82.2 (74.1) (90.7) (14.7) (47.1) (7.16) (5) (188.6) (2,510) (0.128) (6.13**V**) 9.82♥ 8.71♥ 0.011♣ 9.87♣ 0.17♥ 17.1♣ 20.3♣ 2.48₽ 128.2 9.58 28.1 11.2 3.86 ... Yr to Dec 31 124.7 (6.13\(\psi\) (0.71(\(\phi\)) (9.23\(\psi\)) (1.86(\(\psi\)) (0.074\(\phi\)) (1.31L\(\psi\)) (32.3L\(\psi\)) (9.02\(\psi\) (2.88\(\psi\)) (4.888\(\psi\)) 60.9 5.76 17.9 207.2 Yr to Dec 31 Yr to Dec 31 Yr to Dec 31 2,482 Yr to Dec 31 2.55 (75) (75) (325) (86.3) (18) Yr to Jan 31 95.9 _ Yr to Dec 31 _ Yr to Dec 31 Natis Blake Bearne. . 6 mates to Feb 29 Yr to Feb 29 126.96 (97.85) 160.2 (130.8) 0.075L 1.75 0.2L 5.17 June 25 4.42₹ Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. After exceptional charge. VAlter exceptional charge. VAlter exceptional credit 7n increased capital. Gross rental income. §USM stock. ** Comparatives restated. Aftish currency. III Comparatives for year to Aug 31. ** Restated. Aftish currency is comparative.

Aim's success lifts first quarter market debuts

By Christopher Price The number of companies

seeking a public listing rose sharply in the first quarter of 1996, boosted by admissions to the Alternative Investment Market, the junior market which began trading last June. However, the new market. which has less demanding joining regulations, was also behind a lower than expected figure for the main list, according to figures from KPMG, the accountancy and management consultancy group. There was a total of 16 flota-

tions on the main market raising nearly £1bn (\$1.52bn) in the first three months of the year. compared with 22 flotations raising \$851m. Including Aim. there were 46 new issues this year raising about £1.13bn. Mr Neil Austin, head of new issues at KPMG, said the new market's success had distorted the figures, attracting some companies which would have probably joined the main market and encouraging others which would not have been

able to qualify. He added that the overall improvement. however. reflected a more positive view

of issues raised £m 1.6231 2,260 163 . 5,189 218 10,138 2,514 1996(Q1) 988 "Eli,097m related before edjustment if etiroductions and for the effect of gi privatisations where funds of our £15m were raised. Source

from fund managers of the new issues market. This followed a poor year in 1995 when many institutions shunned the market after several high profile upsets involving companies new to the market.

The experience has left its mark, with institutions demanding lower prices. Most new issues during the quarter came at a discount to the relevant sector, compared with the premiums seen in 1994 when demand for new issues was particularly heavy. "People are expecting bigger discounts there is still a fair degree of scepticism out there," said Mr

One fund manager said that the main market, six, were each new issue was taken on investment trusts.

its merits. "Memories are not that short, but if a company is good enough it will receive the rating it deserves." The lingering memories of 1994 have been reflected in a

number of floats which have been pulled owing to a lack of support.
The most high profile was Peoples Phone, the mobile tele-

coms retailer, which had hoped

for a price of £200m. **Baldwins Industrial Services** the UK's third largest crane hire and lifting business, also postponed its listing during the quarter. The family-owned group, which had hoped for a market value of £25m, said the terms it had been offered were not acceptable.

The biggest new issue of the quarter, excluding investment trusts, was Streamline Holdings. The road services group was valued at £112m and raised £40m. KPMG said Orange, the mobile telecoms group which floated with a value of £2.4bn would be included in next quarter's figures because its listings details fell into

Of the 16 companies joining

The 1996 European Fund Management Conference

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THE 1996 EUROPEAN FUND MANAGEMENT CONFERENC

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COMMODITIES AND AGRICULTURE

urged to avoid free-for-all By Kenneth Gooding, Mining Correspondent

An annual 5 per cent increase in output by the Organisation of Petroleum Exporting Countries could be the least painful way for the group to achieve its market share and price goals, according to a former senior Opec official.

Mr Fadhil Chalabi, now a director of the Centre for Global Energy Studies in London, said such a move could cause world oil prices to fall to around \$12 a barrel from their current range of \$16-\$20 a bar-

But Mr Chalabi told a conference in London yesterday that "although extremely painful", such a policy could help Opec to achieve its objectives "at a much lower cost than a free-for-all in which prices could drop as low as \$5 a bar-

Opec has maintained a production ceiling of 24.52m barrels a day since September 1993, but the strategy has generally failed to deliver higher oil prices, in part because a number of Opec states ignore their production quotas. Nor has the strategy prevented non-Opec producers from cap-

worldwide oil deman Mr Abdul Al-Mudaej, the Kuwaiti oil minister, said he continued to favour the quota system. But he noted that quotas only work on two occasions; when the individual quotas are set at near maximum production capacity level, or when all producers adhere will-

turing most of the growth in

ingly to their quotas". He said all oil producers continue to benefit from the self-discipline of some Opec states. "I would hesitate to speculate about what the price levels would be if this disci-pline is no longer maintained," he added.

Most speakers at the conference argued that Opec still had a role to play in stabilising the world oil market. But its changing circumstances, and in particular its fading influence on short-term prices, was confirmed by Mr Rilwanu Lukman, the Opec secretary gen-

"We should be accepted for what we are - an integral part of the supply side of the world oil industry," he said. "The issue of whether or not Opec has lost its price setting

role is irrelevant to its sur-But Sheikh Zaki Yamani, the former Saudi Arabian oil minister, warned that "Opec faces a tough decision" if Iraqi oil

returns to the world market

Annual Opec price rises | UK group becomes Europe's biggest lead recycler be the world's biggest recycler companies such as HJ the smelters, had sales of the Italian state-owned Eni

Europe's biggest lead recycling business has been formed by Quexco of the UK, which has acquired the lead business of esellschaft of Germany and the lead recycling facilities of Enirisorse of Italy.

The acquisitions and associated recapitalisation were funded by a £184.5m financing led by Apax Partners, a UK venture capital

The acquired businesses are market leaders in lead recycling in Germany, Austria and Italy and the second-largest in France. Quexco already was the UK's leading smelter and refiner of lead from recycled materials.

Following the deals, Quexco Incorporated, the privatelyowned US group that claims to

of lead from used car batteries, will continue to manage the UK company. But it no longer has a controlling share-holding

Enthoven and British Lead Mills. In France it acquired 10,000 tonnes of annual rolling capacity via Le Plomb Fran-

	Lead Pro (*000 to			
	1996(f)	1995(e)	1994	1993
ingry	2,225	2,200	2,182	2,254
scycled	2,450	2,350	2,302	2,203
撼	4,675	4,550	4,484	4,457
urae Billion Matab. /	= torquest; e = estimated.			

Quexco first moved into Europe in 1993 when it acquired Billiton's lead recycling and fabrication operations in the UK and France from the Royal Dutch/Shell group. As a result the company has the capacity to treat about 100,000 tonnes, of lead products

annually in the UK through

group, has sold to Quexco its Berzelius primary lead smelter in Germany and stakes in five secondary lead smelters located in Europe and the Middle East.

Metallgesellschaft, the Ger-

man industrial and trading

MG said that that Rheinische Zinkgesellschaft, which owned

Zambian farmers value schooling above eating

about Dm300m (US\$200) in the group, has two recycling 1994-95 financial year and employed about 560 peo-

MG, which came close to bankruptcy in 1994, first announced the possible sale in May as part of a big asset dis-posal programme and it caused some concern at Germany's metal workers' union.

These objections have now been resolved and Quexco took over from January 1 the Berzelius primary smelter at Stolberg, which has the capacity to produce 80,000 tonnes of lead and lead alloys a year using the QSL process developed by Lurgi, an MG subsidiary. The other companies are secondary lead smelters that recycle used car batteries. Together their annual capacity is 150,000

Entrisorse, previously part of

plants, one near Milan and the other in Naples.

Apax, Bankers Trust and ECI Ventures helped to fund the acquisition of the Billiton

assets by Quezco. New equity for the MG and Enirisorse deals was provided by Apax, HSBC Private Equity and Prudential Venture Managers and the debt was led by Chemical Bank, co-arranged by Banque Paribas and underwritten by Chemical Bank, Banque Paribas and Lloyds

	(AP)		8E 8	TOC
æ	Thus	iday's	clos	ej 💮
-				

uminium	+7,975	to 748.60
uminium alloy	+1,260	to 80,300
DDD9r	-2,850	to 319.3
rad	+600	to 91,750
ckei	-106	15 34,80
nc .	+950	to 623,95
n	-25	to 9.150

India faces challenge to develop 'tremendous' mining potential

By Kenneth Gooding

India had tremendous potential to develop its mining and metals industry but faced a big challenge if it was to attract the necessary capital, according to Mr Rajat Kohli, analyst at MC Securities, a London based investment bank.

The sub-continent had the right geology, low labour costs and its mining and tax legisla-tion was partly liberalised in 1993, Mr Kohli pointed out. But "there is tremendous competition for available capital created by the large number of mining and metal projects under consideration or development in other emerging markets, for example China, the former Soviet Union, Latin America and sub-Saharan

The main area of foreign investment in India's mining and metals sectors in the past two to three years had been by

companies setting up preliminary joint venture agreements to explore for minerals, with Australian groups to the fore. There had been some foreign interest in upstream projects and some money had been spent on preparatory work. "But large scale commitments have not taken place," he said in a paper prepared for Metal Bulletin magazine's Indian

Mr Kohli identified 14 proposed copper projects involving about US\$1.5bn of investment that will be raised primarily via domestic equity markets, local bank financing and international equity

Metals conference.

There were also eight aluminium and five alumina (aluminium oxide) projects in the pipeline. At least \$500m had already been committed in the aluminium sector and the total could rise to \$2bn. The alumina projects would also need

Precious Metals continued

M PLATINUM NYMEX (50 Troy 02.; \$/110y 02.)

-13 4129 4110

ME PALLADIUM NYMEX (100 Troy oz.; S/troy oz.)

398.0 365.7 18.915 98.372 400.1 357.8 268 20,380 402.4 402.4 30 5,573 405.2 405.0 125 17,823 468.0 408.0 25 5,027

+0.2 406.5 403.0 662 1,306 -1.8 410.3 407.6 3,874 19,582

126 2,976 8 1,095 126 645

E GOLD COMEX (100 Year or: \$/troy or)

Liberalisation of India's steel industry had led to financing being arranged for 17 major new steel works and another eight projects were being appraised. Total investment in these and related steel projects was estimated at \$6bn. "Remarkably, almost all pro-

raised within India." Mr Kohli said that one of the main attractions of India for the international mining and metals industry was that high consumption growth rates were forecast as a relatively affluent middle class emerged. India also had the potential to export, particularly alumin-

jects are domestic ventures

and financing has been mainly

In addition it offered a relatively safe political environment, a well developed legal framework, developed capital markets and a high level of John Madeley explains why people are remaining hungry as maize production rises in Zambia has witnessed a transforma-Province Area Development tion in the past ten years that Project, which began in 1983,

could be the envy of Africa. The country's remote North Western Province has gone from being a food-deficit to a food-surplus area. On a continent gripped by food shortages. the province seems to have found some valuable answers. Yet most of its population have Kasempa – have been given

yet to benefit. Over 600km from the capital. Lusaka, the North Western Province is dominated by shrub woodland and much of the soil has a high acid content. Its rural population of about 250,000 people has traditionally grown cassava, maize, millet, sorghum and beans on small plots, often shifting their cultivation through the wood-

The province has the advantage that rainfall is high and drought is rare. But malnutrition and unemployment rates are high and the area lags behind in the provision of education, health care and sani-

SOFTS

COCOA LCE (E/tonne

Under the North Western small farmers in three of the province's six districts - Solwezi. Mwinilunga and

credit and advice and encour-

aged to plant more maize, espe-

cially improved varieties. This

has led to a huge increase in

output and to an increase in

Maize output in the three

districts rose from 60,789 bags

(90kg each) in 1986 to 235,218 in

1993. A recent evaluation by

the Rome-based International

Fund for Agricultural Develop-

ment, which supports the proj-

ect, says the province has been

transformed "into a substantial

But the evaluation also

shows that while food output

has risen, malnutrition is still

maize producer".

ered. A nutrition surveillance programme lists "underweight rates" for the North Western Province as 32 per cent in 1986 thermore there is little evi-

'Many people are only just beginning to realise that

dence that malnutrition in the ers to plant more of these

their malnutrition has anything to do with food'

three districts in the province

covered by the project is lower

than in the three not covered.

ect official, says that "when people grow

more food, they might sell it and use some of the money to

send their children to school.

They do not necessarily eat

more". Under the terms of the

World Bank-IMF structural

adjustment programme, educa-

tion is no longer free in Zam-

says, is that "many people are

only just beginning to realise

Another problem, Ms Phiri

's Dora Phiri, a proj-

rife and has hardly been low- that their malnutrition has anything to do with food". Some crops, like soyabeans, are now being recognised as valuable in providing nourishment, she said, and extension workers are encouraging farm-

crops. The climate is good for

soyabeans and the develop-

ment of small-scale livestock is

being encouraged, including

Marketing has also been a

problem for farmers, especially

in remote areas. A conse-

quence of Zambia's structural

adjustment programme was

the ending of state purchases

of maize. But an alternative

system did not develop quickly

enough, and some farmers

were unable to sell their crop

last year. Bags of maize

remained stacked outside

many houses. Peasant farmers,

especially those in remote

JOTTER PAD

fish farming

areas, found it difficult to take their maize to urban centres and negotiate a sale. "Many farmers were caught

unawares by the new policy and found themselves stuck with surplus maize,", says the IFAD evaluation. Unemployment remains obstinately high in the province and a project official admitted that the project could

do little directly to reduce this. Woodland is abundant and could be cleared for the unemployed to practice agriculture, although the cost would be high. For young unemployed people, who organise into groups, there is a limited amount of government funding to clear land and start farming. "We are now a food self-sufficient province," says the proj-

ect's co-ordinator, Mr Boniface Munalula, "but growing more food is not enough in itself. To tackle malnutrition, you need several things - you need to produce the right kind of food, you need health care and drinking water, you need co-ordination".

COMMODITIES PRICES

BASE METALS LONDON METAL EXCHANGE E ALLEMENTAL, 99.7 PURITY IS per toone

Cush .

1613-4 1636.5-7.5

1621,5-20

3 miles

dia	:	
Open Int.	220,727	
Total daily turnover	65,777	
S ALUMANUUM ALLC	Y (\$ per torme	
Close	1365-75	1405-10
Previous	1390-90	1420-5
High/low	1005 40	1420
AM Official	138S-75	1405-15
Kerb close		1415-20
Open int	5,723	
Total daily turnitives	1,401	
ME LEAD (\$ per toring	<u> </u>	
	788-90	780-1
Close	788-90 791-3	783-3.5
Previous	798/796	788/780
High/low	788-9	777-8
AM Official	100-0	780-1
Kerb close	39,237	loc.
Open Int.	11,101	
Total delily furnisher		
NICKEL IS per ton		
Clos0	3030-40	8130-35
Previous	8115-25	B215-20
High/low	8030	8240/9110
AM Official	8060-80	8180-90
Kerb close		8190-95
Open int	41,911	
Total daily furnover	11,870	_
IS TIN (\$ per forma)		
Close	8345-55	6380-90
Previous	6415-25	6450-80
Hotelow		6475/6430
AM Official	6385-95	6420-25
North close		6465-70
Coon of	18,059	
Total daily tumover	4,815	
ZINC, special high	p grade (\$ per	(C)TET-G)
Close	1048.5-8.5	1072,5-3.0
Pripadus	1051-2	1075-6
Hillingo		1088/1071
AN Official	1048-9	1072.5-3.0
King close	2.2	1075,5-8.0
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Treal daily banover	24,376	
E COPPER, prede A	((\$ per tonne)	
	2498-8	2452-3
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62,918

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LME AM Official £/5 rater 1,5350 LME Closing £/5 rater 1,5353

E HIGH GRADE COPPER (COME)

Open and

IN LONDON BULLION MARKET (Prices supplied by N M Rottschild) \$ price 293.40-393.60 Chine 394.20-394 60 394.35 394.35 394.35 393.00-393.40 393.70-395.10 258.658 470.854 (220 جم مح 390 i lakanga ... 552.75 568.40 564.25 576.85 e manare L cres

\$ price 394-397 405-30-407-85

258-**29**0

142.00 -0.75 142.75 142.00 309 5,996 143.50 - 143.25 143.25 184 801 144.50 - 17 111 E SILVER COMEX (5,000 Troy oz.; Cents/troy oz.) -4.0 555.5 549.5 7,028 55,541 -4.2 589.5 554.5 1,441 18,481 -4.7 582.5 580.0 291 11,180 -3.8 572.0 586.0 82 7,587 291 11,180 82 7,597 9 3,165 ENERGY E CRUDE OIL NYMEX (42,000 US gate, \$/berref) +0.12 19.87 19.65 +0.05 19.24 19.10 -0.02 18.88 18.50 -0.03 18.70 18.60 3,241 28,472 2,483 25,846 1,010 16,121 E CRUDE OF IPE (S/barrel +0.43 20.25 19.96 13.576 86.645 +0.33 19.01 18.78 11,950 52,141 +0.27 18.22 17.99 5,179 44.659 +0.33 18.01 18.78 11.950 52.141 +0.27 18.22 17.99 5.179 44.659 +0.18 17.75 17.58 3,030 18.840 17.73 +0.18 17.75 17.58 3,030 10,000 17.45 +0.15 17.48 17.34 1,270 13,170 37,400 228,585 M HEATING OIL WHEX M2,000 US gails; cfUS gails.) +1.27 \$2.70 \$8.00 12.581 25.888 +0.88 \$6.05 54.20 \$.833 15.574 +0.20 \$3.60 \$8.00 2,139 12.278 54.60 +0.65 50.60 52.00 2139 12.275 53.90 +0.20 53.60 53.00 2139 12.275 53.00 +0.65 53.90 53.60 465 9284 53.60 +0.65 53.90 53.60 243 4.314 53.75 -0.25 54.10 53.75 307 2.579 Spot 1 5:39 3 miles: 1 5219 6 miles: 1 5194 9 miles: 1.5170: 22,387 93,233 price. change High Low 188.25, +5.50 189.25 185.00 176.00 +3.75 177.25 173.50 189.59 +3.25 189.25 187.25 5.423 12.881 1,628 618 437 164.00 +1.50 165.00 183.50 182.55 +1.50 163.00 161.25 161.50 +1.50 182.25 181.00 M NATURAL GAS MINEX (10,000 minibili; \$/minibili) | Linux | Cogre | Communication | Communicatio HYMEN (42,000 US gade; crist gales) 416 5,723 78 2,230 +0.51 60.55 61.00 +0.51 58.20 57.85

125.45 +0.00 125.55 125.00 128.00 +0.75 128.25 127.40 112.25 +1.00 112.25 111.50 11425 +1.55 114.25 112.95 115.90 +1.20 115.00 115.00 117.90 +1.40 116.75 116.75 N WHEAT CBT (5,000bu mirc cents/60lb bushel) 521.50 +10.00 521.50 510.50 6.954 20,565
480.75 +3.75 482.90 476.00 16,884 50,304
481.50 +1.00 482.50 476.50 1,817 10,384
492.00 +3.50 482.00 485.00 2,128 8,531
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422.90 +8.50 425.00 413.50 47 596
422.90 +8.50 425.00 413.50 47 596 MAZE CBT (5,000 bu mirt, cents/55to bushel) 419.50 +3.00 419.50 414.50 54,875 169,743
408.50 +4.75 408.50 403.00 36,507 138,576
246.50 +4.50 349.50 345.50 8,943 41,839
235.25 +1.75 325.25 322.25 23,793 104,986
333.00 +1.00 333.00 331.25 50 809 HE BARLEY LCE (E per tonne) 112.50 +0.85 112.00 111.45 107.75 +1.85 107.00 107.00 108.90 +0.80 108.00 109.00 111.00 +0.90 111.50 111.00 E SOYABEANS CET 5,000bii mār; cents/600b basskelļ 765.00 +4.00 785.00 757.50 28,216 59,840 775.00 +6.75 775.00 785.50 48,505 60,544 761.00 +4.25 761.00 753.00 E SOYABEAN OIL CET (60,000lbs: cents/b) 25.71 +0.20 25.75 25.32 11.225 22.504 25.06 +0.27 26.10 25.74 13.154 35.314 26.27 +0.28 26.27 25.92 1,535 7,147 26.40 +0.28 26.40 25.26 233 7,147 26.40 +0.28 26.40 25.26 233 7,147 26.50 +0.30 26.50 26.25 142 2,624 26.57 +0.28 26.50 26.55 1,507 10,615 26.57 +0.28 26.50 26.55 1,507 10,615 E SOYABEAN MEAL CET (100 EXIS: \$/for) +0.1 242.0 240.0 19,478 35,200 +0.8 245.4 243.0 18,770 34,451 +0.9 244.5 242.2 1,625 8,163 +0.9 242.5 244.4 327 4,213 +0.7 239.0 237.5 237 2,500 POTATOES LCE (C/1250) +2.5 166.0 160.0 -1.0 170.0 170.0 399 128 111.3 -1,5 113,5 111.0 247 90 152 45 -23 1470 -30 1385 -65 1290 - 1320 1450 713 1354 1355

GRAINS AND OIL SEEDS,

WHEAT LCE (C per tonne)

Meson Mesans European hee market, from Metal Bulletin, S per in in sereliques, unless otherwise stated (last week's in backets, where changed). Anti-mony: 89.6%, S per tone, 2,430-3,600 (3,450-3,650). Bierantic min. 99,99%, tonne lots 3,60-3.850, Signatible min. 98,99%, forme lots 3.60-4.00. Cademissis: Rich. 99.95%, 140-155 (148-160) cards a potend. Cobatte MB free market. 88.8%, 28.30-29.00(28.40-29.00): 93.3%, 28.50-27.80 (26.35-27.25), Mercurysts. 92.99%, 5 per 76 ib Rask. 170-160. Mosybdisuser: characted molybeile code, 3.60-3.90 (3.70-4.00), Selectarum min 99.5%, 3.45-4.00 (3.45-4.10). Tanagathe one: standard min. 45%. S per tonce una (10kg) WO₂ cil. 52-52. Vanaditum min: 98%, cil. 2.95-3.10. Uranistate Numco exchange value, 12.50 (73.00).

972 1,448 15,725 991 4,180 23,443 1997 2,835 41,251 985 1,476 19,503 994 3,949 40,513 1016 236 13,724 1005 ■ COCOA CSCE (10 tormes, \$/tonnes) 1331 1297 3,942 21,411 1348 1315 1,543 20,159 1365 1332 446 13,153 1378 1348 422 15,028 1401 1370 111 9,906 1304 1323 1334 1355 E COCOA (ICCO) (SDR's/torme) E COFFEE LCE (\$/tonne) 1860 1825 1818 1815 1800 -13 -1 +19 +28 +26 +35 115.20 +0.70 116.40 114.50 6.583 17.048 114.70 +0.45 115.70 114.30 1,799 8,038 115.00 - 115.25 114.30 349 4,053 114.00 +0.75 114.95 114.00 100 1,833 114.50 - 15 503 113.50 114.00 E COFFEE (ICO) (US cents/pound) +1.8 404.5 400.7 1,718 9,788 +2.0 378.0 373.1 1,381 9,168 +0.4 339.0 336.0 439 4,846 -0.4 388.0 325.0 176 2,950 -1.5 318.5 317.0 153 1,314 +0.9 315.5 314.1 30 903 402.5 374.8 387.0 325.0 317.0 28,969 # SUGAR "11" CSCE (112,000(bs; cents/fbs) 11.53 -0.02 11.63 11.4314,305 48,820 10.91 -0.01 10.93 10.83 5,439 42,289 10.63 -0.02 10.64 10.60 1,474 28,902 May Jul Det May July Total -0.02 10.64 10.60 1,474 28,902 - 10.34 10.29 1,041 17,648 - 10.22 10.22 10.33 TOTTON NYCE (50,000lbs; cents/lbs) 84.50 -0.28 84.70 84.25 150 19,111 85.60 -0.18 85.78 85.30 358 12,830 82.15 -0.50 82.30 81.95 129 2,748 359 12,830 129 2,748 112 18,531 79.55 -0.27 79.70 79.45 80.45 -0.20 80.58 80.40 80.45 -0.20 80.50 80.40 80.90 -0.40 80.90 80.90 105 2,276 101 995 IN ORANGE JURCE NYCE (15,000lbs; cords/fbs) 128.55 +1.30 129.40 127.90 313 15.236 127.50 - 128.00 127.25 347 4.446 127.00 - 127.00 126.75 158 2.46 123.20 +0.45 123.20 123.10 101 633 121.00 - 121.00 121.00 147 2.876 - 121.00 121.00 - - -173

INDICES REUTERS (Base: 18/9/31=100) Apr 1 month ago 2111.7 2129.2 **E CRB Pulsares (999s: 1957=100)** Apr 1 Mar 29 moreth ago 252.21 251.40 243.61 ■ GSCI Spot (Base: 1970=100)

MEAT AND LIVESTOCK IE LIVE CATTLE CME (40,000lbs; cents/lbs)

84.150 -0.075 84.575 83.950 4.549 20.977 83.350 +0.250 83.550 82.950 8,720 32,338 82.775 +0.275 83.100 82.500 2,658 18,133 63.950 +0.125 64.150 63.825 1.482 10.995 51,650 -0.750 52,200 51,800 3,406 56.050 -0.300 56.350 55.850 54.425 -0.025 54.825 54.250 51.475 +0.200 52.200 51.300 48,550 +0.200 48,750 48,100 ■ PORK BELLIES CME (40,000lbs; cents/lbs) 72.675 +2.600 72.675 72.675 71.725 +2.006 71.725 71.725

\$8.475 +2.000 58.475 B8.475

LONDON TRADED OPTIONS Strike price \$ tonne --- Calls --- --- Puts --

106 58 28 15 79 175 # COPPER (Grade A) LME 173 108 63 ■ COFFEE LCE May 56 87 123 E COCOA LCE E BRENT CRUDE IPE May

LONDON SPOT MARKETS III CRUDE OIL FOB (per barrel) \$17.75-7.80x \$21.08-1.10 Brent Bland (dated) \$20,13-0.15 ■ Oil PRODUCTS NWEprompt delivery CIF (torne) Premium Gesoline S191-193 Heavy Fuel Off Nephtha \$105-108 \$194-195 \$213-217 Jet fuei \$198-200 (01/1) 369 8792

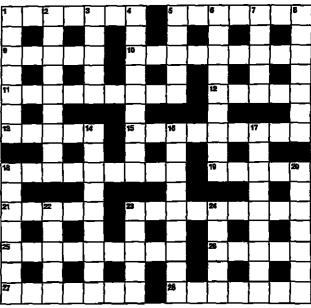
Gold (per troy ot) Silver (per troy ot) Pleatrum (per troy oz.) Pellacium (per troy oz.) 551.50c \$140,50 Lead (US prod.) Tin (Kuala Lumpur) Tin (New York) 45.00c 15.95r Cattle (live weight)† Sheep (live weight)†4 Pigs (tive weight)† 121.440 Lon, day sugar (raw) Lon, day sugar (wha \$305.3 \$407,5 Barley (Eng. feed) Make (US No3 Yellow) Wheat (US Dark North) Unq 146.5 Unq. Rubber (Apr)♥ Rubber (May)♥ Rubber (KL RSS No.1) 384.00m Coconst Oil (2005) \$730.04 +25 Paim Oil (Malay.)§ Copra (PNI)§ Soyabeens (US)

+0.6

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CROSSWORD

No.9,035 Set by QUARK



ACROSS

as the cure? (7) 5 Suggest a negative place of horror (7) 9 Dishonest person's accent first to disappear? (5)

10 Depending on my overheads I go up and down (9) 11 Orderly at sea? (9) 12 Some college heads backing the philosopher (5) ter by the church (5)

15 Mentor may work as temporary (9) 18 Rash. What one wearing woolly hat gets? (3-6)

standard? (5) 21 University doctor seen in Royal Artillery dance (5) 23 Famous person briefly gets

rebuke or proclaim? (9) 25 Mice round represented 26 Recorded as "well known" (5) 27 Call in the hunt; a colleague's 28 No good man gets to drink

He's in the Civil Service (seen

"Got an enthusiastic welcome". Bill maintained (9)

the analysis of the same of th

what quack supplies (7) DOM/N A light shield (7) 2 Linnet with egg abandoned.

on the board) (5)

5 Idea that's going round the journal (5) The force of agriculture? (4,5) 7 Bit of garden under devasta 8 Defeat in court? (7) 14 Greeting "Archery" suitably placed in ranking system (9)

16 One who's in the trade centre 17 Å form of gypsum found in a laboratory plant (9) 18 His art displayed with piano? Not exactly (7)

20 Licence order released at the top (7) 22 Standard form (5) 19 Body of teachers keeping up 23 List of goods carried? Petrol can make it (5) 24 Good French/American bene-

tit (5) Solution 9,034

FOUNDLING ASHES
IN EN URE E
ENDUP DEDUCTION
LEOUGHRES
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AND ARM
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I I W T T O K I
NARRATIVE ABOUT

INTERNATIONAL CAPITAL MARKETS

Investors stay on sidelines ahead of US jobs data

By Richard Lapper in London and Richard Waters in New York

Government bond prices rose gently yesterday but trading was thin ahead of the Easter holidays and Friday's keenly awaited US employment figures. "All major bets [are] off

GOVERNMENT BONDS

until the markets see the colour of the US figures on Friday." said Mr David Brown, senior European economist at Bear Stearns in London, "Considering this is the first week in a new quarter, when investors should have the bit between their teeth on portfolio asset re-allocation, you could hardly have got a more

■ Economic data that was first quarter. mildly positive for bonds

yesterday morning. By late morning, the benchmark 30-year bond was up ≟ at 9€. to yield 6.62 per cent, on reports that traders were continuing to close short positions ahead of the Friday report. There were also advances in intermediate maturities. including a rise of \$\frac{1}{4}\$ to 97% for three-year notes to give a yield

of 5.837 per cent. The Commerce Department revised its estimate of economic growth for the fourth quarter of last year to 0.5 per cent, down from 0.9 per cent. That confirmed the slow-down that took hold late in the year, rate of 3.6 per cent in the previ-ous three months. The news was too old, though, to give any hint of whether the US economy is vet shaking off the effects of this year's sluggish

Helping sustain the market

helped extend Monday's gains was news that the auctions in the US Treasury market into expected this week will not come until the beginning next week. The \$18,25bn auction of two-year notes and \$12bn sale of five-year paper have been scheduled for next Monday and Tuesday.

> ■ German bond futures opened brightly, breaking through important technical levels despite the absence of economic news. Prices were then squeezed higher into the close, with a number of traders moving to cover short positions. At Liffe the June 10-year bund future settled at 96.95, up nearly half a point on the day. Mr Alex Cooper, Liffe floor manager with Crédit Lyonnais Rouse, said volume - 116,748 contracts were exchanged was higher than on Monday

and reported some buying by European professional traders.

But he also said that many

players are already closing

their books ahead of the Easter

ers are saying 'we don't want proprietary risk on our books'. There are plenty of reasons to stay close to shore."

In the cash market, Germany underperformed the US, with the 10-year yield spread between Treasuries and bunds falling from six to two basis points A number of analysts argue

that decoupling between the US and German markets is still likely to occur. Mr Michael Burke, senior economist with Citibank in London, disagrees. He says that when Germany and the US have been in different phases of their business cycles in the past it has not usually led their markets to move in opposite directions. "In the long term rates in

both markets are determined by a common factor - the supply and demand for capital. and the demand for capital is

break. "With Easter falling where it is, a number of bank tracked Germany, with the June notional bond future settling 0.28 higher at 122.42. In the cash market the 10-year yield spread of OATs over bunds remained unchanged at 16 basis points.

> In the UK, gilts continued their improvement begun towards the end of last week, with the June long gilt settling at 105%, up 11. Gilts slightly underperformed bunds, however, with the 10-year spread widening by two basis points

> Mr Simon Briscoe, senior UK economist with Nikko Europe. said the announcement today of gilt auction plans for the second quarter could lead to a resurgence of buying activity. A decision to auction shortdated stock and/or floating rate issues will help demand for longer-dated paper, he

Mr Peter Moore, senior port-

UK power groups poised to take up Management, said that the facilities for bids market was oversold last week on the mad cow disease scare and that "gilts are looking exceptionally cheap. No one wants to sell gilts lower."

By Antonia Sharpe

Activity in the international syndicated loans market has slowed ahead of Easter but once the holiday is over, the second quarter should be as busy as the first.

SYNDICATED LOANS

Big facilities in the pipeline include financings for National Power and PowerGen of the UK, if, as widely expected, the Monopolies and Mergers Commission clears their bids for the regional electricity compa-nies, Southern Electric and Midlands Electricity.

Loans for both companies were put on ice earlier this year when their bids were referred to the MMC. National Power had lined up a £2.5bn loan from NatWest, Chemical (now Chase), Barciays and UBS while PowerGen had put in place a £2.55hn loan from Goldman Sachs. Deutsche Bank, Barclays and Midland

Bankers believe PowerGen could try to re-negotiate the interest margin over London interbank offered rates (Libor), thought to have been set at 221/2 basis points. But National Power would have difficulty in improving its margin, believed to be 121/2 basis points.

ABN-Amro, Goldman Sachs and J. P. Morgan are providing a bridge loan, believed to be for \$2bn, to the Dutch food retailer Ahold to fund its \$2.9bn takeover of Stop & Shop, the US supermarket chain. The loan will be refinanced through bank debt and bond issues and the company also plans a share

Another big borrower in the second quarter could be Cades, set up by the French government to plug the FFr160bn shortfall in the country's social

security system. The government is believed to be close to a decision which will allow Cades to tap the syndicated loans market. RJB Mining is refinancing a plar's rise s

facility taken out when it bought British Coal's English mines in 1994. The margin on the five-year £210m facility, which is being arranged by BZW and Chase, is believed to be half that on RJB's existing, secured facility of more than

1 per cent. In emerging Europe, Chase and Citibank are arranging a \$500m five-year facility for SPT, the Czech telecoms company. The facility, which has a margin of between 20 and 25 basis points, will be syndicated in the next month.

BZW has arranged a DM75m six-year credit facility for Nova Liublianska Banka. Slovenia's biggest bank, at similar terms to those for the republic itself which recently obtained a margin of between 40 and 50 basis

BZW and Bank Austria have underwritten the facility which will be syndicated at a later date. Slovenia is widely seen as an improving credit and is expected soon to get an investment-grade rating.

in project finance, Bank of Tokyo, Bayerische Landesbank and UBS have underwritten a SKr1.33bn 15-year loan to partly fund the SKr4.4bn construction of a train link between Stockholm's Arlanda airport and the city.

The loan is being syndicated to a small group of relationship banks of the project's sponsors, which include John Mowlem Construction, GEC Alsthom,

NCC and Siab. Construction of the link, the first privately-financed project in Sweden, is scheduled to take three years. The loan will be repaid over the following 12

Military 179

Convertible issues dominate as trading remains subdued

By Samer Iskandar

momentum.

While straight bond issuance remained subdued, yesterday, primary market activity in convertibles regained

INTERNATIONAL **BONDS**

TB Finance broke new ground by making conversion mandatory on its latest issue of preference shares exchangeable into common shares of Tokai Bank. As a result, the funds will qualify as tier-one capital for the parent bank. The amount, Y100bn, made this the third largest issue of convertible paper in the euro-

Mandatory exchange works in much the same way as a

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

sinking fund on straight bonds, with two tranches of Y39hn converted in 2003 and 2004; the last tranche, totalling Y34bn, will be exchanged when the paper matures in October 2004. Conversion at the holder's option is subject to price revision. The deal, launched on March 26, was priced yesterday with a coupon of 2% per cent, at the high end of the indicative range of 2-2% per cent. Investor demand was strong, said syndicate members, due to the relatively high yield of the issue compared with a yield of around 0.50 per cent on the

ordinary shares. This attracted interest from equity investors in addition to convertible bond fund managers. Deutsche Finance launched the first D-Mark denominated

Original Discount Issue of

bonds convertible into shares

Day's Week Month change Yield ago ago

of Allianz. The issue saw strong demand, which prompted the lead manager, Deutsche Morgan Grenfell, to increase the amount by DM250m to DM1bn despite a relatively high conversion premium of 25 per cent. Issued at 86.64, the paper ended the day at 86.80. The five-year bonds are callable after three years and conversion is only possible after the end of the second year, which in effect sets a "conversion window" of only

But this limitation did not seem to dampen demand, and the lead manager expects this deal to "possibly inspire other German issuers". Deutsche Bank, which guarantees the paper, owns a 10 per cent stake in Allianz. To be able to keep that holding intact, it has

retained the option to provide

E BURID FUTURES OPTIONS (LEFFE) DM250,000 points of 100%

	Amount	Coupon	Price	Meturity	Fees	Spread	Book-runner
Borrower	m.	%		-	%	pp	
US DOLLARS CCEPt	250	(e,f)	100.00	Apr 1997	0.04	_	Merrill Lynch International
DSL Bankibi	100	6.00	100.016R	Apr 1998	0.1875R	+3(5%-99)	BNP Capital Markets
Bank Rozwoju Exportu*‡	50	(c)	100.00	Apr 1999	0.75	,-,-,-	Merrill Lynch International
D-MARKS							
Deustche Finance Nethe(d)§	1bn	1.00	88.64	May 2001	2.50	-	Deutsche Morgan Grenfell
YEN							
Nippon Soda Co(e)§	12bn	2810	100.00	Sep 2000	2.50		Yamaichi Inti(Europe)
SWISS FRANCS							
SudwestLB Capital Markets	200	4.375	102.75	May 2006	2.75		Credit Suisse
BNG	200	4.375	102.75	May 2006	2.75		ABN Amro/Credit Suisse
Schindler Fn(Cayman)(1)&	170	2.50	101.625	May 2003	undisci	-	SBC Warburg
TransPower Finance(s)	100	4.25	102.75	Jun 2004	2.625	-	Credit Suisse
LUXEMBOURG FRANCS	-						
Kredietcorp(s)	2.5bn	6.00	102.65	Dec 2001	1,875	-	Kredietbank Luxembourg
AUSTRALIAN DOLLARS							
DB Australia	100	8.375	101.25	Apr 1989	1.50		Dautsche Morgan Granfell
Final terms, non-cattable unles	s stated. Yield	Screed (c	ver relevant	governmen	t bond) at	aunch supplie	d by lead manager, +United
SCornvertible. With equity wa	mants, # Floati	nn-rate no	te. /Semi-a	TIME COUDO	n, R: fixed	re-offer price:	feas shown at re-offer level.
3-mth Libor -10bp. b) Fungible							

"a cash alternative... on conversion in place of Allianz

The US dollar sector saw little activity, with only a handful of small and medium-sized deals launched. Caisse Centrale des Banques Populaires.

the financing arm of the French federation of banks, raised \$250m, paying a floating rate 10 basis points below 3-month Libor.

DSL Bank tapped an existing issue for an additional \$100m, yielding 3 basis points over Treasuries. The first \$200m tranche, issued on March 12. offered a spread of 5 basis points. The lead manager, BNP Capital Markets, said the reopening was motivated by very strong retail demand, including one large lead order.

Italian and Spanish bonds

again outperformed Germany, with 10-year yield spreads over

bunds falling from 438 to 437

321 basis points, respectively

Spain was again helped by hopes that the Popular party

may soon be able to form a

By contrast Sweden under-

performed, with its 10-year

spread over bunds widening

The market was adversely

affected by news that the

Swedish National Audit Office

had upgraded its budget deficit

forecast for 1995/96 to

SKr198.3bn, compared with a previous forecast of SKrisibn.

out to 211 basts points.

basis points and from 327 to

	ce indices Gilts	Tue Apr 2	Day's change %	Mon Apr 1	Accrued interest	xdadj. ytd		~ Low Apr 2	соц роп Арг 1	yleid Yr. ago			n yleid — Yr. ago		oupon yi Apr 1 Y
Π	Up to 5 years (24)	121.48	+0.08	121.38	211	2.43	5 yrs	7.52	7.54	8.32	7.55	7.59 .	8.38	7.65	7.69
!	5-15 years (19)	146.11	+0.33	145.63	3.31	1.82	15 yrs	. 8.22	<u>8.28</u>	6.35	8.29	8.29	8.42	8.33	8.39
;	Over 15 years (5)	159.25	+0.51	158.44	2.27	3.48	20 yra	6.30	8.36	8.33	8.29	8.34	8.42	8.38	8.43
ŧ	Irredeemables (6)	182.56	+0.62	181.43	3.50	1.47	Irred.†	8.36	8,41	8.39		_	i		٠
ì	All stocks (58)	141.17	+0.27	140.80	2.71	2.38				1			-		
	ex-linked						•	Apr		ani 5% r1 Yr.a		ADE	- Inflation 2 Apr		
-									- ~						
ì	Up to 5 years (1)	197.56	+0.05	197.46	3.86	0.00	Up to 5 yrs	2.5		97 3,4		1.5			
•	Over 5 years (11)	785.95	+0.30	185.39	1.36	. 0.84	Over 5 yrs	3.7	73 3.	.76 3.8	4	3.5	53 3.5	5 3.6	,
1	All stocks (12)	186.08	+0.29	185.53	1.41	0.82				•					
	rage gross redemption y			OI DENIES 4				· · · · · · · · ·							
	_	_		uii ballus. 2			-	_					•		
	FIXED WITE	rest B	idices				GiL.	_		ACTIVIT	y Mic	ICES	Mar 28	Mar 27	' Mer
-7	_	REST E		28 Mar 2	7 Yrago i		#@IL	_	ied A	CTIVIT	Y IND	ICES 29		Mar 27	' Mer

Coupon Date Price change Yield ago ago	Price May Jun Jul Sep May Jun Jul Sep	UK Gits
Australia 10.000 02/06 107.3320 - 8.88 8.84 8.61	9650 0.79 1.12 0.86 1.18 0.34 0.67 1.27 1.59	1 Up to 5 years
Austria 6.125 02/06 97.9000 +0.430 6.42 6.49 6.50	9700	2 5-15 years (19)
Seigrum 7,000 05/06 102,4500 +0.390 6.66 6.79 6.76 Carrada 8,750 12/05 106,1500 +0.340 7,54 7,59 7,40	Est. vol. total, Calls 24071 Puts 15533. Previous day's open int., Calls 226245 Puts 176975	3 Over 15 years. 4 irredeemables
Denmark 8.000 03/06 103.6800 +0.380 7.43 7.53 7.50		5 All stocks (58)
France BTAN 5.750 03/01 100.3750 +0.140 5.66 5.81 5.66 OAT 7.250 04/06 105,3500 +0.280 6.51 6.68 6.61	Italy	
Germany Bund 6.000 02/06 97.4800 +0.330 6.35 6.41 8.30	E NOTIONAL ITALIAN GOVT, BOND (STP) FUTURES	index-linked
Iretand 8.000 08/06 103.0200 +0.200 7.56 0.00 7.80	(LIFFE)* Lira 200m 100ths of 100%	6 Up to 5 years
taly 9.500 02/08 94,1700 +0.300 10,46† 10,60 10,40 Japan No 129 6,400 03/00 117,2890 +0.100 1,73 1,95 2,06	Open Sett price Change High Low Est, vol Open Int.	7 Over 5 years (1 8 All stocks (12)
No 182 3.000 09/05 99.6700 +0.260 3.05 3.26 3.16	Jun 108.70 108.96 +0.41 109.08 108.52 31869 48705 Sep 108.41 +0.40 0 268	Average gross redem
Netherlands 6.000 01/06 97.6000 +0.430 6.33 6.42 6.28 Portugal 11.875 02/05 114.4600 +0.450 9.39 9.55 9.50		Literafie Aires Introll
Portugal 11.875 02/05 114.4600 +0.450 9.39 9.55 9.50 Spen 10.150 01/08 103.5900 +0.710 9.54 9.71 9.70	II ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lisa200m 100ths of 100%	
Sweden 6.000 02/06 84.3210 -0.650 8.60 8.50 8.81	Strike CALLS PUTS	
UK Gits 8.000 12/00 102-09 +4/32 7.41 7.46 7.12 7.500 12/06 96-02 +12/32 8.05 8.13 7.88	10850 1.78 2.48 1.32 2.57	FT FIXED W
9.000 10/08 106-16 +14/32 8.15 8.24 8.00	10900 1.51 2.25 1.55 2.84	r, ruces a
US Treasury 5.625 02/06 95-11 +14/32 6.26 6.26 5.91	10950 1.26 2.03 1.80 3.12	
6.000 02/26 91-29 +14/32 6.62 6.61 6.36 ECU (French Gov) 7.500 04/05 103,4700 +0.060 6.97 7.14 7.10	Est. vol. total, Calls 3136 Purs 3556. Prévious dey's open Int., Cells 57706 Purs 73867	Govt. Secs. (UK) Pixed interest
Lancon closing, "New York mid-day Yelds: Local market standard.	Spain	' for 1996. Covernme
 Gross inclusing withholding for at 12.5 per cent payable by normaligness; Prices, US, UK in 22nds, others in decine! Source: kBkS international	II NOTIONAL SPANISH BOND FUTURES (MEFF)	15/10/28 and Flood &
LICET COT OU IN THIS THEIR IN COLUMN	Open Sett price Change High Low Est vol. Open Int.	
US INTEREST RATES	Jun 95.85 96.36 +0.64 98.52 95.65 69.240 46.592	FT/ISMA IN
Latest Treesury Bills and Bond Yields	national contract of the contr	FINSMIA III
One monts	UK	Listed are the latest in
Prime rato: 84 Two month 5.18 Three year 5.86 Broker bain rate 7 Three month 517 Fire year 5.06 Fod trinds 5% Six month 524 10-year 6.25 Fee turds of infervention 0ne year 5.38 30-year 8.62	■ NOTIONAL UK GILT FUTURES (LIFFE)* \$50,000 32nds of 100%	
Fed funds 5.1 Six month 5.24 10-year 6.25	Open Sett price Change High Low Est, vol Open Int.	U.S. DOLLAR STRAIG
Fed tunds of infervention - One year	Jun 105-12 105-20 +0-11 105-25 105-03 35845 122426	Abbey Nat Tressury 61
	Sep 104-17 +0-11 0 185	ABN Amro Bank 7 ¹ 4 05 Atrigan Dav Bk 7 ³ 8 23
	LONG GILT FUTURES OPTIONS (LIFFE) 250,000 54ths of 100%	Alberta Province 7% 98
	Strike ————————————————————————————————————	Assen Dev Bank 6 ¹ 4 05 Austria 8 ¹ 2 00
BOND FUTURES AND OPTIONS	l 105 1-12 1-37 1-20 1-53 0-36 0-61 1-50 2-19	Baden-Wuert L-Fin 81
BOND FUICKES AND OFFICIAS	108 0-40 1-03 0-58 1-27 1-00 1-27 2-24 2-57	Bank Ned Gemeenten 7
	107 0-18 0-41 0-39 1-05 1-42 2-01 3-05 3-35	Bayer Vereinsbik 8 ¹ g 00 Belgium 5 ¹ 2 03
France	Est, vol. total. Calls 3794 Puts 1509. Previous day's open int., Calls 41113 Puts 38684 .	British Columbia 7% 02
E NOTIONAL FRENCH BOND FUTURES (MATIF) FF:500,000	Ecu	Smitch Gas 0.21 Canada 63 0.5
Open Sett once Change High Low Est, vol. Open int.	E ECU SOND FUTURES (MATE) ECU100,000	Canada 6½ 97
Jun 122.16 122.42 +0.28 122.44 122.00 90,157 135.692	Open Sett price Change High Low Est. vol. Open Int.	Cheung Kong Fin 512 9
Sep 120.92 121.14 +0.24 121.12 120.76 223 4,413 Dec 119.66 119.68 +0.24 119.66 119.66 2 659	Jun 90.12 90.44 +0.30 90.44 90.04 1,190 7,806	Ching 6½ 04 Credit Foncier 9½ 99 _
ILLONG TERM FRENCH BOND OPTIONS (MATIF)	Sep - 89.00	Demmark 54, 98
	us	Bassi Japan Railway 6% BB 6 04
Class CALLS DETE		
Strike CALLS Price Nay Jun Sep May Jun Sep	9 -	88 94, 97
Price Atox Jun Sep May Jun Sep 119 0.05 0.23	■ US TREASURY BOND FUTURES (CBT) \$100,000 32nds of 100%	RES 9 ¹ 4, 97 Rec de Rance 9 98
Prico May Jun Sep May Jun Sep 119 0.05 0.23 - 120 0.11 0.36 -	III US TREASURY SOND FUTURES (CST) \$100,000 32nds of 100% Open Latest Change High Low Est. vol. Open int.	RSB 9 ¹ 4, 97 Bec de Prance 9 98 Br-Im Benk Japan 8 02
Prico Alay Jun Sep May Jun Sep 119 0.05 0.23 - 120 0.11 0.36 - 121 - 1.82 - 0.19 0.57 -	B US TREASURY BOND FUTURES (CBT) \$100,000 32nds of 100%	RES 9 ¹ s 97 Rec de France 9 96 Ry-Inn Renk Japan 8 02 Report Dev Corp 9 ¹ 2 96 Recorn Capital 0 D4
Preco Mary Jun Sep May Jun Sep 119 0.05 0.23 - 120 0.11 0.36 - 121 - 1.92 - 0.18 0.57 - 122 0.84 1.24 1.27 0.44 0.90 2.11 123 0.32 0.72	US TREASURY SOND FUTURES (CBT) \$100,000 32nds of 100% Open Latest Change High Low Est. vol. Open Int. Jun 111–26 112–11 +0–16 112–11 111–26 140,567 352,488	RES 9 ¹ s, 97 Rec de France 9 98 Ry-Im Bank Japan 8 02 Report Dev Corp 9 ¹ 2 98 Record Capital 0 04 Fed Home Loan 7 ¹ s 99
Price May Jun Sep May Jun Sep 119 0.05 0.23 - 120 0.11 0.36 - 121 - 1.92 - 0.19 0.57 - 122 0.84 1.24 1.27 0.44 0.90 2.11	US TREASURY 80ND FUTURES (CBT) \$100,000 32nds of 100%	EIS 6% 97 Boc de Rance 9 96 Br-Im Benk Japan 8 02 Boom Captal 0 04 Fed Home Loan 7% 98 Federal Nell Mont 7-40 0 Federal Nell Mont 7-40 0
Price May Jun Sep May Jun Sep 119 0.05 0.23 - 120 0.11 0.36 121 - 0.12 0.36 - 121 - 1.92 - 0.18 0.57 - 122 0.84 1.24 1.27 0.44 0.90 2.11 123 0.32 0.72	US TREASURY SOND FUTURES (CBT) \$100,000 32nds of 100%	SB 6 ¹ s, 97 Bec de Rance 9 98 Sr-im Benk Japan 8 29 Spoon Capital 0 04 Fed Horie Lean 7 ¹ s 99 Federal Nati Mont 7.40 C Fintand 6 ¹ s 97 Ford Motor Credit 6 ¹ s 9
Price Many Jun Sep May Jun Sep 119 0.05 0.23 - 120 0.11 0.36 121 - 0.12 0.36 - 122 0.84 1.24 1.27 0.44 0.90 2.11 122 0.84 1.24 1.27 0.44 0.90 2.11 123 0.32 0.72	US TREASURY BOND FUTURES (CBT) \$100,000 32nds of 100%	EIS 6% 97 Boc de Rance 9 96 Br-Im Benk Japan 8 02 Boom Captal 0 04 Fed Home Loan 7% 98 Federal Nell Mont 7-40 0 Federal Nell Mont 7-40 0
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Notional German Burio Futures (LIFFE) DM250,000 100ths of 100% Pick Color Set price Change High Low Est vol Open int.	US TREASURY BOND FUTURES (CBT) \$100,000 32nds of 100%	SB 6% 97 Bec de France 9 98 Be-hin Bank Jupain 8 02 Sepain Dev Carp 9½ 98 Becon Capital 0 04 Fed Home Lean 7½ 98 Federal Neal Mart 7.40 C Finland 6% 97 Ford Motor Code 6% 9 General Mills 0 13 Mrd BK Japain Fin 7% 97 Mrd BK Japain Fin 7% 97
Picco Mary Jun Sep May Jun Sep 119 0.05 0.23 - 120 0.11 0.36 - 121 - 1.92 - 0.19 0.57 - 122 0.84 1.24 1.27 0.44 0.90 2.11 123 0.32 0.72 - CHL of 1028 Calls 18.047 Puts 22.144 Previous day's open int., Calls 141,846 Puts 158,068. Germany IN NOTIONAL GERMAN BUND FUTURES (LIFFE) DM250,000 1000ns of 100%	US TREASURY BOND FUTURES (CBT) \$100,000 32nds of 100% Open	SB 6 ¹ s, 97 Bec de Parroro 9 98 Be-lim Berk Jispan 8 02 Sepont Ceptal 10 to 1 Fed Hories Lean 7 ¹ s, 93 Federal Netl Mont 7.40 6 Fristrad 6 ¹ s, 97 Ford Motor Cacilli 6 ¹ s, 9 General Mills 0 13 Ind Bk Japan Fin 7 ² s, 97 Re Francos 5 ¹ s, 98 Inter-Amer Dev 7 ² s, 05 Int Finance 5 ² s, 98 Inter-Amer Dev 7 ² s, 05 Int Finance 5 ² s, 98 Inter-Amer Dev 7 ² s, 05 Int Finance 5 ² s, 98
Picro Alary Jun Sep Maty Jun Sep 119 0.05 0.23 - 120 0.11 0.36 - 121 - 1.92 - 0.18 0.57 - 122 0.84 1.24 1.27 0.44 0.90 2.11 123 0.32 0.72 125 0.32 0.72 126 vol 1000 Callo 18.047 Puts 22.144 Previous day's open int. Galls 141,846 Puts 158,068. Gentrality IN NOTIONAL GERMAN BURND FUTURES (LIFFE)* DM250,000 100ths of 100% Open Sett price Charge High Low Est. vol Open int. Jun 96.68 96.95 +0.38 97.02 96.62 116739 221375	US TREASURY 80ND FUTURES (C81) \$100,000 32nds of 100%	SB 6% 97 Bec de France 9 98 Be-im Bank Jupan 8 02 Sepant Dev Carp 9½ 98 Becon Capital 0 04 Fed Home Lean 7½ 98 Federal Neal Mart 7.40 C Fintand 6% 97 Ford Motor Credit 6% 9 General Mails 77 Ref Jupan Fin 7% 97 Ref France 5% 98 Inter-Amer Dev 7½ 05 Inter-Amer De
Picro Mary Jun Sep Maty Jun Sep 119 0.05 0.23 - 120 0.11 0.36 - 121 - 1.92 - 0.18 0.57 - 122 0.84 1.24 1.27 0.44 0.90 2.11 123 0.32 0.72 123 0.32 0.72 124 125 0.32 0.72 125 0.32 0.72 126 Not rotal Calla 18.947 Puta 22.144 Previous day's open int., Galls 141.846 Puta 158.068. Germany NOTIONAL GERMAN BURD FUTURES (LIFFE)* DM250,000 100ths of 100% Dopan Sett price Champs High Low Est. vol. Open int. Jun 96.68 96.95 +0.38 97.02 96.62 116739 221375 Ser 95.80 96.09 +0.38 96.00 95.80 1131 4918	US TREASURY BOND FUTURES (CBT) \$100,000 32nds of 100% Open	SB 6 ¹ ₄ , 97 Bec de Parroro 9 98 Be-hin Berk Jiapan 8 12 Separt Dev Corp 9 ¹ 2 98 Separt Dev Corp 9 ¹ 2 98 Separt Dev Corp 9 ¹ 2 98 Federal Netl Mont 7.40 6 Finland 9 ¹ ₄ , 97 Ford Motor Credit 6 ¹ 4, 9 General Mills 0 13 Ind Br. Japan Fin 7 ² 4, 97 Re Financo 5 ¹ 4, 98 Inter-Amer Dev 7 ¹ 2 05 Ind Financo 5 ¹ 4, 98 Jiapan Dev Bit 8 ¹ 4, 91 Jiapan Dev Bit 8 ¹ 5, 91
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onti Barik 6 ³ 8 05	150	0 984	987	+4	6.66	Quebec Prov	10 ¹ 2 98 C	1000 200	108%	109		810 677	Effrence 84, 05 £ Gold Kalgoonie 742 00			0 ¹ 2 101 ¹ 3	+45.52 -18.57	
orti, Bank 8½ 89	150	0 1074	. 107½	+,6	6.14	Council Europ	e 9 01 Ec	1100	110%	1717	+14	6.63	Grand Metropolitan 61- 01	7-in /		118 1194e 95a 1105a	+17.02	•
Butsche Mark Str						Destruck 8 ¹ 2	02 Fm _	1900 1900	96 ⁵ g 109 ¹ e	99 ¹ 4 109 ¹ 2	+3	8.62 6.60	Harmon Oliv AZ C	E00 (100 ¹ 2	€8.83	3
etra 6½ 24	200	0 914	91 ³ 8	+	7.25	BC 600 Ecu		7000 1100 1150	10032	1004	_	586	Hanson America 2.39 01 Hong Kong Land 4 01	—— 4 <u>20</u> 29,6	375 7	54 854 54 854		
roen-vouling L-1-mance of edit Foncier 74 (3)	200	D 1034 D 1774		7	4.67 7.75	55 10 01 55 54 04 04	17% 00 5		1145	174%	44	6.36	Land Secon 6% D2 £	R4 i	L72	97 994.		
nmerk 6 ¹ s 98	200	0 1037	1045		410	Raty 10% 00 !	Bou	1000	115 ¹ a	1084 1154	44	5.36 6.39	Lastro 74, 05 £	90 :		90 914		_ ·.
onmerk 6 ¹ g 98 pde Finance 6 ³ g 03 subshe Bk Fin 7 ¹ 2 08	150	0 100			8.35	United Knock	ᇑ였다	Ers 2790	1111	1114	44	6.31	Mitaui Bank 25 (3)	200 231 100 2		15g 83 ¹ 2 84. 994.	+25.67 +54.89	
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364 00	150	0 1034	103%	47	5.19	DE 74.99 A		99 A\$ 100 350	114 29%	114 ¹ 2 25 ⁷ 2	44	8.84 8.13	Ogden 6 02	B5 36.	 1077	93 85	-87.57	7
tand 7½ 00	300	G 105	1054	4	5.13	NSW Years	Zenn ft de	AR MOON	445	124	+14	9,13	Pennzoli 4½ (13 Seppi BM Firence 7½ (12	500 58 <i>8</i>	097 10:	31 ₂ 1041 ₂ 44 951 ₃	+8.21 +44 12	
ly 71e 98	500 225	0 105½ 0 87¼		+36	4.10 6.83	HEIBON 7	4 03 AS _	125	297	941	+34	8.93	Substanto Bank 34 04 _	300 360	769 P	տր բող Տել 86-ի	20.53	
may 6 ¹ ₈ 98	150	0 104		ي <mark>د</mark> لم	4.09	Sth Aust Grad	Fagno 4	300 \$ 150	1003 ₈ 1003 ₂	100% 100%	년 년	8.90 8.90	Sun Alianca 74, 08 2	155	39 10	3 i 101 i	+12.17	•
onway 61 ₈ 98	150	08	E 4	47	645	Unificial Austr	da 1298/	4S 150	1054	105%		8.69 8.90	Transatientic Hidge 51 ₂ 09	£ 250	5.05 8	r 81,5	+14.49	i
Jain 74: 03	400	1057	105	44	6.18	Western Aust	Tress 75	98 AS 100	CE) 2		+20	8.41	No information available Only one market make	arbitaged of the house grad	73 12608 CO			

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STAN STREET

CURRENCIES AND MONEY

MARKETS REPORT

Dollar's rise stalls as trading activity slows

By Graham Bowley

The dollar's recent resurgence against the yen and D-Mark appeared to peter out yesterday as most major currencies returned to established trading ranges amid thin turnover.

- Speculation that German interest rates would have to fall again and remain low for some time continued to weigh on the D-Mark, which weakened slightly against other European currencies.

The French franc and the Italian lira were especially well supported as investors took advantage of the relatively quiet market conditions to move into high yielding asset markets, analysts said

The Dutch guilder had analysts expected any large another good day against the currency movements in com-D-Mark in spite of last week's cut in key interest rates by the central bank.

The South African rand recovered after falling sharply in early trading on rumours that Mr Trevor Manuel, the

new finance minister might ease foreign exchange controls soon. But a spokesmap for Mr manuel denied the runnuns.

The pound lost ground. It closed at TM2 2557 at the and part more in

closed at DM2.2587 at the end of London trading, from DM2.2623 at Monday's close.

next move in US interest rates, could provide an upset at the end of the week. Against the dollar, it closed at

FFr3.407 against the D-Mark,

from FF13.405. ■ With dealers winding down for the Easter holiday, trading was quiet yesterday and few currency movements in com-

E Pour	d in New Yor	k
Apr 2		- Prav. close -
£ apot	1.5240	1.5245
1 mile	1.5233	1.5238 .
३ तास	1.5219	1.5224
1 yr	1.5144	1.5149

However, Friday's US payroll report, currently dominating

market attention and likely to give a strong hint about the

Mr Malcolm Barr, corrency \$1.5243 from \$1.5254. analyst at Chemical Bank in London, said although there analyst at Chemical Bank in The dollar finished in Lou-don at DM1.4818 from were some "fundamental mun-don at DM1.4818 from were some "fundamental mun-ences" at work in the foreign exchange markets, these were not being translated into price "lacks unanimity about how to

interpret them". He said the dollar and European currencies would only break out of current trading ranges when there were "clear signs" that US interest rates were set to rise or when there was a new move forward on European Monetary Union.

■ Yesterday's annual report of the European Monetary Insti-tute, the forerunner of the aired about the effect the cur-European Central Bank, pro-



vided some further food for thought on the issue of Emu. Preparations for Emu were on schedule with progress made on a common monetary policy, payments systems and arrangements for switching to the single currency, the report

DOLLAR SPOT FORWARD AGAINST THE DOLLA

Europe was having on countries' budget deficits. Mr Eddie George, governor of the Bank of England, again adopted something of a Eurosceptic tone when he said after a meeting at the EMI that the slowdown in EU economies would make meeting the 1999 start date for a single European currency more difficult.

He told reporters "the general sense is that progress (on fiscal convergence) is not as rapid as it needs to be. There still is a pretty tough road to

However, Mr Jean Arthuis, the French finance minister, said at the Group of Seven jobs conference in Lille that the franc's recent rise was a sign that progress was being made with France's finances.

sterling in March.

Agr 2 E \$
Czech Rp 41.3971 - 41.4395 27.1570 - 27.1770
Rumgary 218.818 - 219.028 143.500 - 143.550
Rum 4574.40 - 4571.40 3000.00 - 3000.00
Rumsil 0.4559 - 0.4555 0.2992 - 0.2994
Poland 3.3567 - 3.9458 2.9585 - 2.5945
Rusila 7431.57 - 7441.02 4877.00 - 4880.00
U.A.E 5.5962 - 5.8006 3.8725 - 3.8730

The franc's strength yesterday was in spite of a further d percentage point easing in French call money rates.

■ The dollar's failure to break rent economic slowdown in higher yesterday was in spite

•	MONEY RA	TES					•		
:	April 2	Over	One month	Three artin	SEX miths	One year	Lomb. inter.	Die. rate	
	Belgium ·	34	3%	376	31	34	7.00	3.00 3.00	
	week ago .	31	3%	34	32	37	7.00	. 3.00	
	France	35	4	43	44	44	3.80	-	
some strong economic data.	week ago	41	4	47	41	4%	3.80		
US GDP growth between the	Germany	4 <u>1</u> 3 <u>3</u>	314	34	38	32	5.00	\$.00	
ird and fourth quarters of	week ago	34	3%	34	34	34	5.00	3,00	
	freiend	6	51	53	5-2	5%	-	-	•
st year was revised down	week ago	5%	5 <u>ï</u>	5%	5Ã	54	-	-	
om an annualised 0.9 per cent	Itely	97	9%	9%	92	8%	-	9.00	
0.5 per cent, in line with	week BOO	976	974	996	94	97	_	9.00	
pectations. But other data	Netherlands	9	94	3	3	3%	_	3.00	
	week ago	3%	31	3%	3 <u>L</u>	34	-	3,00	
owed a much stronger than	Suitzerland	1%	12	196	1%	15	5.00	1.50	
pected rise in US leading	week ago	1	12	12	1番	1度	5.00	1.50	
dicators.	US	511	5%	5	5	5	-	5.00	
Analysts at Nomura fixed	week ago	5%	544	5	51/2	517	-	5.00	
Analysis at Momenta fixed	Japan	\$ %	4	2	<u> 2</u> 2	1	-	0.50	
come research in London	week ago	%	ā	*	7	4	-	0.50	
ink the dollar is now heading	E S LIBOR FT LO	adon							Τ
r Y109.5. The D-Mark how-	laterbenk Flying		52	5	51/2	52	_	-	
er looks overvalued against	wask ago	_	52	52	54	5%	_	_	
e yen, they think.	US Dollar CDs	_	5.12	5.13	5.21	5.44		_	
	week ago		5.12	5,08	5.15	5.34	_	_	
UK official reserves fell by	ECU Linked De		42	44	42	4%	_	_	
47m last month. This was	week ago	_	4	4%	4%	42	_	Ξ	
ore than economists had	SDR Linked De	_	34	311	346	317	_	_	
pected and raised suspicions	week ago	_	34	34	313	314	_	_	
return and raised suspicions	P I SPOD Interded to the								

WORLD INTEREST RATES

that the Bank of England may have intervened to support steriling in March.

S LIBOR intervened strong cates are defined rates for \$10m quoted to the market by four rate at 11am each working day. The banks are: Benkers Trist, Bank of Tolyo, Barcinya of wisemington.

Mid rates are shown for the dementio Money Rates, USS CDs, ECU & SDR Linted Depr

Į	EURO CL	Jrrenc'	y inter	test ra	TES		
	Apr 2	Short term	7 days notice	One month	Three months	Sbx months	One year
]	Belgien Franc	333 - 314	34) - 3 ¹ 4	34 - 34	34 - 34	34 - 34	312 - 318
1	Danish Krone	4基 - 3数	4층 - 8화	44 - 35	44 - 44	44 - 44	44 - 44
1	D-Mark	34 - 34	3 ³ 2 - 3 ¹ 4	3 ³ 4 - 3 ¹ 4	3 ₁₆ - 3 ₂	3 <u>%</u> - 3¼	3월 - 3월
1	Dutch Guilder	3ఓ - 2낡	3点 - 2號	3ෑ - 2월	3/4 - 234	સું _દ - 2 <u>રો</u>	34 - 34
1	French Franc	44 - 35	44 - 3월	44 - 38	46 - 4	44 - 44	샖·ሗ
- 1	Portuguese Esc		7日 - 7但 8起 - 84	711 - 74	7] - 7월	7月 - 7月	四-漢
1	Spanish Pesetz Sterfing	: 813 - 84 515 - 57a	54 - 54	8 <u>2</u> - 8 <u>2</u> 6 - 5 2	践 - 5층	왕 - 왕	64 - 64 64 - 64
1	Swins Franc	12 - 12	15 - 14		6/6 - 6 134 - 15	6월 - 6월 1월 - 1월	6% - 6% 1월 - 1월
1	Can. Dollar	512 - 412		5 47	51 - 41	514 514	512 - 55
ł	US Dollar	5% - 5%	51g - 51g		53 - 53	54 - 5	55 - 57
4	italian Lira	1012 - 912			94 - 94	912 - 911	94 - 92
J	Yea	12 - 17	器 - 語 1計 - 1品	肾-12	11 - 13	11 - 12	4-5
ı	Asian \$Sing	¥ - 5		7월 - 1월	2 ¹ 2 - 2	24 - 2k	25 - 212
	Short lunt rates THERESE INC	are call for the DISTR PEROF	US Dollar ar	nd Yen, others: (MATTF) Park	two days' no	tice. offered rate (FFr5m)
ł		•	price Char	-	Low	Est. vol	
J			i.77 +0.			19,012	61,410
1			.73 +0.			7,226	50,7BB
1	Dec 1	95.57 95	.57 +0.0	D2 95.59	95.54	3,351	25,479
ı							
1	I THREE IN	OFFUE HTEK	MARK FUT		* DM1m po	ints of 100%	1
1		•	price Cha	nge High	Low	Est. vol	Open Int
١			.79 -		96.78	19154	225577
1			.71 +0.1		96.69	14538	225891
1			47 +0J		98.43	1677B	176589
1		96.10 96			96.10	12562	112184
١	R THREE MC	ONTH EURO	LIRA FUTU	Maga (TILLE).	L1000m po	ints of 100%	1

+0.05 +0.04 +0.05 +0.06 454 157 7633 90.86 (LIFFE) SFr1m points of 100% Open Satt price Change Esst. vol. Open int. 98.30 98.30 29083 13749 10283 3045 Est. vol. Open int. Sett price Change Hilah LOW 95.49 95.47 95.28 94.85 +0.01 +0.01 +0.02 +0.02 95.49 95.47 95.27 94.93 9675 3536 2902 1781 * LIFFE futures also traded on APT

E EUROLEIA OPTIONS (LIFFE) L1000m points of 100% 0.48 0.29 0.17

pr 2		Closing mid-point	Change	Sid/offer		M d	One mo		Three me		One y		Bank of
		ma-posit	on day	apreed.	high	. low	Rate	%PA	Rate	%PA	Rate	%PA	Eng. Inde
UTODA							-						
ustrie	Sch			737 - 906		15.8726		2.3	15.7697	28	· · · -	-	105.
leiglum Jenmark	(BFr)			814 - 271		46.3810		2.7	48.0893	27	45.1693		108.
iniandi	(DK/)			123 - 226		8.7117	8.7058			1.7	. 8.5745	1.6	108.
rance	(FFe)			534 - 894 932 - 998		7.0360	7.057			0.7			83.2
amary	(DM)			932 - 996 575 - 588		7.6848				1.8	7.5808	1.8	109.
reace	(Dri)			826 - 019		2.2557	2.2538	2.7	2.2435	2.7	2.1967	2.7	110.
etand	ŒΣ	0.9698		888 - 707		388.620	0.9691	0.9	^^	~-	0.9626		68.7
elv	ũ			380 - 558		2383.4D			0.9676	0.9 -89	2480.54	0.7 -3.2	97.
uresmboure		48,4043		B14 - 271		46.3810	46,2993	-4.2 2.7	2407.94 46.0893	2.7	45,1693		73.5
etheriands				248 - 274		2.5248	2,5202	2.6	2.5079	2.9	2.4582	2.7 2.8	108.0 108.1
Crway	(NK)			794 - 973		9.7386	9,7794	1.1	9.7603	1.1	2.4502 9.6646	1.3	98.1
ortugai	(Es)	233.233		080 - 386		232,974		-22	234,563	-23	8.0040	1.0	95.5
	(Pta)	189.913		820 - 005		189,700	190,348	-2.7	191.168	-2.6	194.013	-22	81.8
weden	ŠKO	10,1850		540 - 759		10.1193	10.1662	-0.1	10.1678	-0.1	10.1701	-0.1	88.7
witzerland	(SFr)	1.8187		174 - 200		1.8173	1.8123	42	1.7996	4.2	1,7428	4.2	114.
K	(2)				1.00.00		1.0120	~~	1.1 000		-	72	83.5
ᅄ	-	1.2139	-0.0052	131 - 146	1.2787	1.2130	1.2126	1,3	1,2098	1.4	1,1963	1.5	
DRt	_	1.04635		-									
mericas					-								
rpentina.	(Peso)	1.5238	-0.001	232 - 243	1.5265	1.5228	_	_		_	_	-	
razil	(AS)	1.5047	-0.0018	040 - 054	1.5071	1,5040	-	_	-	-	-	-	
aneda	(CS)	2.0663	-0,0007	652 - 673	2,0892	2.0644	2,0656	0.4	2.0619	0.8	2.0539	0.6	84.8
eraco (N	lew Pesc)	.11.4627	-0.008	437 - 817	11,4820	11,4405		-		-	-	-	
SA	(5)	1 5243	-0.0011	238 - 248	1.5268	1.5238	1,5235	0.6	1,5222	0.5	1.5148	0.6	95.9
actic/Mid	die East/	Africa											
ușiralia.	(AS)	1.9474	+0.0073	461 - 486	1.9522	1.9411	1.95	-1.6	1.955	-1.6	1.9803	-1,7	91.9
ong Kong	(HICS)	11.7882	-0.0093	835 - 928	t1.8071	11.7821	11.7801	0.B	11.7885	0.7	11,7487	0.3	
kille,	(Pa)	51.7501	-0.1881	283 - 719	\$2.0730	51,4240	-		-	-	-	-	
ragi	Shid	4.7642	+0.0236	596 - 687	4,7751	4.7387	. •	-	-	-		-	
ipin -	· M	189.702	-0.311	610 - 794	154,200	163.510	162.977	5.3	161.487	5,4	155.072	5.3	135.5
leleysie	(MS)	3.8524	-0.0083	503 - 544	3.8600	3.8500	-	-	-			-	
ew Zealen		2.2264		245 - 263			2.2314	-2.7	2.2409	-26	2.2747	-22	107.2
	(Peso)	39.9062	-0.0123	169 - 955		39,8153	-	-	-	-		-	-
audi Arabi	(SP)	5.7172		149 - 194			-		-	-			-
debous	(55)	2.1421		406 - 436		2.1408	-	·		•	-	-	
Africa		6.1121		089 - 152		6.0847	•	•	-	-	-	-	-
outh Kores	(Won)			872 - 980			-	-	-				
Spiritary .	(12)	41.5022		870 - 175	41.5687		-	-	-	-	-	-	•
heilend	(84)			607 - 164	38.5490		-			-	·		
Rates for A	× 1. Bla/o€	er spreads in	the Pound	Spot table els	w only the	wit Error d	lectrol place	es. Forv	1906 P	e pot d	rectly qual	ed to th	e readest bu
n implied by	current in	perènt filiale.		er colouistic Indeed from T			10, page 20 10, page 20	BATTO	Lineu = 100. Li Some use		manded by	the FT	The FT =
er comment of D	ogs Kille (E14 oct co Frids	w. And file	Exchange #	gen par Võul 2		r in Separ	ay April Bit		Exchange	anes fo	r Thursday	April 48	h we act b
clinted but		on Chillin	0001 4370	<u>G1</u>				.=			•		
						-							

Apr 2		Closing mid-point	Change	ERCVOTTER	Days		One mo	MED MAPA	Three me	MPA	One y	96PA	J.P. Mor
<u> </u>		LING-PORT	on day	Spread	high	low	7488	7BFA	LABOR	78FA	- PRILITE	ZIFA	inde
Europė													
Austrie	(Sich)	10.4193		172 - 214		10.4025		2.0		21	10.2043		
Beigken	(BFr)	30,4430		380 - 480		30,4100		21	30.2835	21	29.803		
Demmerk	(DKI)	5.7190		175 - 205		5.7115		1.0	5.704	1.0	5,7265		
Finland	(FM)	4,8328		288 - 363	4.6400			1.7	4,6141		4,5686		
France	(F T1)	5.0492		487 - 497	5.0585		5.0431	1.4		1.3	4.9912		
Germany	(DMI)	1.4818		815 - 820		1.4795	1,4791	2.2	1.474	21	1.4501		
Greece	(Dr)	240.650		600 - 700	242,920	240.530	242.325	-8.4	245.675	-8.4	259.65		65
ireland	(E)	1.5719		709 - 729		1.5705	1.5724	-0.3	1.5727	-0.2	1.5821		
italy	(4)	1564.39	-4.65	42 5 - 452	1570.18	1562.50		-4.8	1581.99	-4.5	1622.89	-3.7	72
Limination	(LFr)	30.4430		380 - 480	30,4900	30,4100	30.39	21	30.2835	2.1	29.803	2.1	107
Netherlands	(Fi	1.6572	-0.0023	569 - 575	1.6601	1.6553	1.6542	22	1.6479	23	1.6207	2.2	107
Norwey	(NKI)	6,4216	-0.022	178 - 253	6.4810	6,3780	6.4186	. 0.6	6.4131	0.5	6,3766	0.7	98
Portugal	`(Esi	153.010	-0.105	960 - 060	153,230	152,650	153,325	-25	153,915	-2.4	158.08	-2.0	95
Spein	(Pasi	124,590		570 - 610	124.800	124.410	124.93	-3.3	125.6	-3.2	127,97	-27	81
Sweden	SKI	6.8886		636 - 736		6.6365	6.6796	-20	8.8971	-1.7	6.7391		
Switzerland	SFn	1,1932		927 - 936	1.1943		1.1896	3.7	1.1824	3.6	1.1504		
JK	, ES	1.5243		238 - 248	1,5268		1.5235	0.6	1.5222	0.5	1.5148		
	~	1.2558		554 - 561	1.2586		1.2586	-0.7	1.2582	-0.8	1.2671		
SDR+	_	0.68568		- 00.									
Americas	_												
Voentina	(Peso)	0.9997	_	996 - 997	1.0000	0.9996	_	_	_	_	_	_	
Brazii	(PS)	0.9872		870 - 873	0.9873		_	_	_	_			
Piazii . Cenade	(CS)	1,3556		553 - 568	1.3560	1.3540	1.9554	0.1	1.3557	0.0	1.3585	-02	. 84
	y Pesci	7.5200		100 - 300	7.5300		7.5222	-0.4	7.5254	-03	7.5303		
	-	1.0000	:	100 - 300	7.5300	1,3010	1 33422	-0.4	1.0234	~~	1.0000		96
JSA	_ (5)		-	•	-	-	-	•	_	-	•	•	-
Pacific/Middle											1.3017		
kustralia	(AS)	1.2775		771 - 780	1,2786		1.2795	-1,9	1.283	-1.7			
long Kong	(HRQS)	7.7335		330 - 340		7,7328	7.7342	-0.1	7.736	-0.1	7.783		
ndia	(Ps)	33,9500		500 - 500	34.1500		34.1	-5.3	34.405	-5.4	35.875	-5.7	
3/20i	(SH)	3.1255		235 - 274		3.1080						·	
Jepan	M	107.395		370 - 420		107.180	105.95	5.0	106.05	5.0	102.31		
/elaysia	94\$)	2.5273		268 – 278		2,5260	2.5282	-0.4	2.5343	-1.1	2.5578		
lew Zeeland	(NZS)	1,4805		599 - 613		1.4588	1.4636	-2.5	1.4694	-2.4	1.484	-2.3	
hilippines	(Peso)	26.1800	+0.01	300 - 300	26,2300	26.1300	-	-	-	-			
Saudi Arabla	SPI	3,7507	+0.0002	504 - 509	3.7510	3.7504	3.7511	-0.1	3.7519	-0.1	3.7552		
ingapore	ČSS)	1.4053	-0.0014	D48 - 058	1.4070	1,4048	1.4018	3.0	1.3958	2.7	1.3703	2.5	
outh Africa	, OFFI	4,0098	+0,0075	090 - 105	4,0225	3.9900	4,0385	-8.6	4.0901	-8.0	4,3133	-7.8	i .
outh Kores	(Word	780,200		100 - 300	781.100		-	-	-	-	-		
ahean	(13)	27.2270		280 - 280	27.2440		27.247	-0.0	27.287	-0.9	-		
heliand	(80	25.2500		400 - 600			25.3487				28,435	-4.7	
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EXCHANG	E CR	055	RATES	, · ,	. : <u></u>	. •	: ' '		-									
Apr 2		BFr	Ditr	Pr	DNA	IR.	L	Pi	Mic	Ts.	Pta	#Kr	87	2	C\$	\$	Y	Ecu
Balaken	(BFr)	100	18.79	16.59	4.869	2.091	5140	5,444	21,00	502.8	409.3	21.92		2.155	4,453	3.284		
Denmark	(DKr)	53.22	10		2.501	1.113		2.897	11.23	257.5	217.8	11.67		1.147	2.370	1.748		
France	(FFI)	60.28	11,33		2,935	1.260		3,282	12.72	303.0	245,7	13.21	2.383	1.290	2,684	1.960		
Germony	(DM)	20.54	3.859	3,407	1	0.429		1,118	4.333	103.2	84.05	4,502		0.443	0,915	0.675		
Ireland	(02)	47.84	8.969		2.329	1	2459	2.604	10.09	240.4	195.8	10,48	1.875	1.031	2.130	1.571		
miy	īÚ	1,945	0,386		0.095	0.041	. 100.	0.106	0,410	9.778	7.962	0,426		0.042	0.087	0.084		
Netherlands	(FI)	18.37	8.451		0.894	0.384			3.875	92,32	75.18	4.026		0.395	0.818	0.603		
Norwey	(NKr)	47,40	8.907		2.308	0.901	2437	2.581	10	238.3	194.0	10.39		1.022	2.111	1,557	157.2	
Portugal	(Ea)	19.90	3.738		0.969	0.A16		1.053	4.197	100.	81.43	4.861		0.429	0.886	0.854		
Spain	(Pta)	24,43	4.591		1.190	0,611	1258		6.154	. 122.8	100.	5,355		0.527	1.088	0.803		
Sweden	(SN)	45.62	B.572		2.22	0.954		2,484	9.624	229.3	186.7	10		0.263	2.031	1.499		
Switzerland	SF4	25.51	4,783		1.242	0.533		1.389	5.381	128.2	104.4	5,591		0.550	1.138	0.838		
UK	(E)	45,40	8.718		2.259	0.970		2.526	9.798	233.2	189.9	10.17	7.819	- 1	2.088	1.524	163.7	
Canada	(CS)	22.48	4.220	3.726	1.003	0.470			4,738	112.9	91.92	4.923		0.484	1	0.738	79.24 107.4	
US	(\$5)	30.45	5,720	5.051	1,482	0.636		1.657	6.423	188.0	124.6	8,673		0.858	1.356	1 0.931		0.742
Japan	m	25.34	5,326	4.702	1:380	0.599		1.548	5.979	142.5	116.0	8.213	1.111	0.611 0.824	1.292 1.702	1.255		
	-	38.22	7.181	6.340	1.861	0.799			8,06\$	192.1	158.4	-8.377	1,496	Uaza	1.702	بحصا	1340	
Denish Kroner, Fra	nch Franc	c, Norwi	iğini Kröneri	and Swedi	it (Coro	r per 10;	Belgian R	MIC, YOR, ES	oudo, Ura	and Peel	ME per 1011	٠.						
S D-MARK FO	TURES	(MM)	DM 125,000	per DM			-		_ <u> </u>	تكلاج	E YEAR	TURES	(IMM) Yen	12.5 pe	Yen 100)		
	Sen .	Latest	Chenge		L	OW!	Est. vol	Open int.		٠.	Open	Latest	Ctrange	1-50	,		Est. voi	Open Int.
		0.6774	+0.0005	0,6787	7.0.0	3767	20,453	51,099	Jun		0.9399	0.9398	+0.0004				20,925	72,710
		0.6813	+0.0007		3	-	65	2,127	Sep	-	0.9537	0,9516	+0.0008	0.95	37 O.F	518	85	1,728
مسعب		0.6850			Ò	_	3	192	Dec			0.9822	-	-		-	57	1,331
LAC.		•					-			ادا اداد	e sms		£82,500 p	~ 0				
M SWISS FRAL	C FUT		MIMA SEr 12	5.000 pe	SH					144								
	420	0.8435	-0.0001	0.8456	a or	3434	8,941	29,044	Jun		1.5232	1,5218	-0.0016			216	4,145	48,018
Jun 0.5		0.8515				515	23	615	Şep		- .	1.5210	-0.0005			2210	3 .	39 32
Sep 0.8		0.0013		_		_	2	504	Dec		-	1,5190	+0.0002	1.51	ac .	-	3	222

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	8 Company 6.00 Duncan Lowers 6.00 Royal Blue of Scotland 6.00 Fester Bank Lordard 7.25 Singer & Friedlander 6.00 Fester Bank 1.00 September 6.00 September 6.00 September 6.00 Geobark 1.000 September 6.00 United Bank of Scotland 8.00 TSB 8.00 United Bank of Scotland 8.00 United	S. & Company 6.00 Eveter Bank Limited 7.25 Eveter Bank 2.20 Eveter Ba	Jun 0.25 0.00	Sep 0.27 0.15	0.27 0.18	0.05 0.14	0.24 0.37 0.54	0.59 0.75 0.94
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EMS EU	ROPEAN	CURRE	ICY UNI	T RATE	5	
Apr 2	Ecu cen.	Rate	Change	% +/- from	% sprea	
	eates	ageinst Ecu	on day	cen. reta	A másico	<u>et ind</u>
Stocks	182,493	159.383	+0.025	-1.93	4.74	13
Netherlands	2.15214	2.12061	-0,00039	-1.47	4.25	· †1
Belghan	39,3960	38,0575	+0.0027	-1,11	3.B7	8
Anstria	13.4383	13,8314	-	-0.80	3.54	8
Germany	1.91007	1.89584	+0.00014	-0.74	3.49	7
Portugel	195.792	195.511	-0.174	-0.14	2.87	1
Denmerk	7.28580	7.31789	+0.00095	0.44	2.27 1.83	-3 -7
France	6.40808	6.46219	+0.00182	0.88 2.72	0.00	-18
ireland ·	0,792214	0.813746	+0.000338	2.72	OLUU	-10
NON ERM ME	EMBERS					
Greece	292.867	308.549	-0.82	5.35	-2.50	_
Haby	2106.15	2005.15	-1.88	-4.80	7.89	-
1200	0.786852	0.838974	+0.000018	6.85	-3.69	_
Son dentral rates Percentage chis ratio between to for a currency, s	s set by the Ex- ages are for Ex- so appreciate the and the precions	opeen Commissi ; a positive cher percuringe diffe na permitted per	ipo. Currenzias age denotes a v rence belween receage develo	are in descardi agair currency. T the actual mark as of the curren	et and Ecu o cy's market n	ectral cate
Soc central rates Percentage char ratio between the for a currency, a Soc central rate (17/9/32) Starfin	s out by the Europee are for Europee are for Europee the continue and the	opeen Commiss ; a positive char percuringe diffe in permitted per a suspensied froi	ion. Currenzias 198 denotes a v rente behveen 1981, adjust 1981. Adjust	are in descardingly to actual mark t	et and Ecu o cy's market n	ectral cat ectral cat also from
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Eon central rates Perchatago che Perchatago che Perchatago che for a currency, e Eon central rate, (17/9/22) Surfin Perchatago Price Price 1,590 1,5910	s set by the Earnges are for Ex- roll agreeded the and the majornus g and implem Lim LIPHEA SEE S./ Apr 2.51 1.57	opean Commission of a positive character of the commission of the	ton. Currenzias tigo dentities a v recipio dentities a v recipio dentities a v recipio dentities an EFM. Adjusts 231,250 (cent	are in descard, in the scanery, if the scanery, if the scanery, if the scaner man is contained as per pound) Apr 0.04 0.14	per and Ecu coy's searlest in the Resent in the Person in	Jun 0.88 1.23
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Notice of Payment of Principal Installment and Interest

Siderca SALC.

(INCORPORATED IN ARGENTINA) 10% NEGOTIABLE OBLIGATIONS --- CLASS

Notice is hereby given of the payment on May 7, 1996 of the eighth installment of principal and the ninth payment of interest on the 10% Negotiable Obligations - Class 1991.

The payment of the principal installment will be equal to 11.11% of the face value of the Negotiable Obligations. For the 182 day (360 day basis) Interest Period from November 7, 1995 to May 7, 1996 interest will be payable in US Dollars per \$1,000 denomination, \$11.24; per \$10,000 denomination, \$112.39; and per \$100,000 denomination, \$1,123.85.

The corresponding payment of principal and interest shall be effected upon presentation of Coupon No. 9, as of May 7, 1996, to the respective Paying Agents as follows:

The Bank of New York

46 Berkeley Street

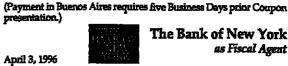
43 Rvd. Royal — L. 2955 Lozembourg

London WIX 6AA, England

Between 8:00 a.m. and 4:00 p.m.

Between 8:30 a.m. and 4:30 p.m.

Banque Broxelles Lambert Banco Rio de la Plata Ave. Marnix 24 Sub.Basement B1050 Brussels, Belgium Bartolomé Mitre 480 — 4th Bi050 Brussels, Belgium Buenos Aires, Argentina Between 9:00 a.m. and 4:00 p.m. Between 10:00 a.m. and 3:00 p.m.





The Interim Dividend for the f	ollowing classes of the above Fund has it
declared by the Directors and i	is detailed below:
CLASS	Dividend per share
UK Fixed Interest	£ 0.036
Multicurrency Bond	£ 0.031
UK Sterling Liquidity	£ 0.032
UK Growth	£ 0.016
US Dollar Liquidity	US\$ 0.037

LONDON SHARE SERVICE ALCOHOLIC BEVERAGES 67217208 - 77768880 - 1017602756577 - 58741 | 140 | 124 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 | 125 || 나라 || 나는 사람 || 사람 이 나는 환경 위 함께 | 등 الدخيد المالي الخيد المخطئ الجفي الدخيد المراق المتفيد لما المنفي المداجع المتم المتم المتم المداحة المتمالية المالية المتمالية المالية المتمالية المالية المتمالية المالية المتمالية المالية المالية المتمالية المتمالية المتمالية المتمالية المالية المتمالية المتمالي MERCHANT HOUSEHOLD GOODS ENGINEERING \$ - المالية ليميطيق إلد الا الليد الليديدية إنه أند إنه إنه إنه إنه إنه إلى المالية إلى إنه المالية المالية إن AMILIA STATE OF THE STATE OF TH +2½ -1 22 BUILDING & CONSTRUCTION DIVERSIFIED INDUSTRIALS YM Gr's P/E 4.1 22-0 170 20-4 5.6 13 1 20 185 60 97 7.7, 31 134 32 179 32 179 33 179 34 179 37, 4 93 7.4 93 From the UK's leading provider of distributed 24 1418 154 67 725 128 39 3824 08 38 4127 -8 1.2 5155 38 IT systems and services. 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MARKET REPORT

Speculators still hot on the takeover trail

By Steve Thompson, UK Stock Market Editor

Another sudden burst of takeover speculation involving a FT-SE 100 constituent - this time Thorn EMI was just the excuse the stock market was looking for to give leading share prices a much needed lift

The latest bout of intense bid rumours accompanied a good rally in gilts and left the FT-SE 100 index comfortably clear of the 3,700 level at 3,728.5, up 10.1 on the day.

The market's second liners, represented by the FT-SE Mid 250 index. gave another powerful demonstration of the underlying strength of the domestic stocks, advancing all day and ending 21.8 ahead at another all-time high of 4.348.7. The Mid 250 index has consistently outpaced the Footsie so far this year.

as has the Small Cap index. London's performance was all the more impressive in that Wall Street was looking soggy shortly after US markets opened, with the Dow Jones Industrial Average showing a double-digit fall after an early rise of around 15 points.

Thorn EMI shares suddenly erupted in the early afternoon, with domestic and US buyers driving the stock up to a record high of £18.43. amid strong rumours that a straight takeover bid was being prepared ahead of the proposed July demerger of the music business.

The market trotted out all the usual suspects as potential bidders for Thorn, including Japan's Sony and Time Warner, of the US; another candidate thought likely to be strongly interested in EMI was MCA, the Seagram subsidiary.

Wall Street's overnight surge, which saw the Dow up more than 50 points shortly before the close, in the wake of a series of mega-mergers and bids, helped the Footsie open almost 15 points higher. The initial burst of enthusiasm

soon petered out, however, and the index slipped into negative ground in mid-morning, with Cable and Wireless and BT, the two stocks that have been the driving force in London in recent sessions, among the worst performers.

This was in the wake of news that France Telecom and Deutsche Telekom had indicated they were not interested in bidding for Mercury, C&W's UK telecoms division. The retreat in C&W and BT was worth just under four Footsie points.

Good gains in international bond markets, which led to gilts recouping all their initial small losses and posting eventual closing rises of between 9 and 14 ticks, then began to have an impact on equities.

and Mirror Group Newspapers

are seen as likely contenders to

bid for football rights. The bro-

ker also considers the threat of

regulatory moves from the

Office of Fair Trading more

likely, once rivals bid for foot-

NatWest reiterated its

'reduce" stance and argued

that BSkyB could underper-

form the market by 10 per cent

United News & Media

improved 24 to 645p as it announced that the merger

offer for MAI had been

declared unconditional. MAI

Heavy buying of pharmaceu-

ticals stocks in the US on Mon-

day night gave a lift to Smith-

Kline Beecham, the most

exposed of the UK drug leaders

to the US market. There was

apparently switching into

SmithKline from Glaxo and the

former rose 18 to 685p in the

"A"s. Glaxo slid 6 to 807p.

over the next 12 months.

shares gained 16 at 413p.

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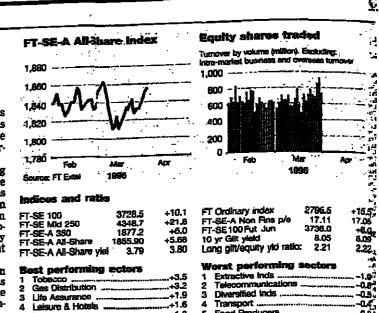
Dealers said it was the Thorn story that had transformed senti-

ment. "Ex-Thorn the market was struggling and without a bid it is definitely winding down for the Easter break," said one senior marketmaker.

He added that most of the big marketmakers in London were wary of adopting big stock positions ahead of Good Friday, when London is closed while the US non-farm payroll number for March is published. February's exceptionally strong US employment report sent Wall Street tumbling.

Turnover at 6pm reached 920.9m shares, with non-Footsie stocks accounting for 60 per cent of the total. Customer business on Monday was a disappointing £1.14bn.

8 to 486p.



FUTURES AND OPTIONS

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■ FT-SE 100 LDEX FUTURES (LIFFE) \$25 per full index point

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Bid talk returns to Thorn

Bid fever gripped the market in mid-afternoon trading yesterday as talk of a 2300p a share bid for Thorn EMI spread like a forest fire.

The shares, aiready showing a 10p gain on the previous day's close, moved sharply ahead on suggestions that Thorn would soon be on the receiving end of a bid.

There was no consensus on who was the most likely bidder for the UK group, but the list of suitors talked about in the market included Sony and Sanyo Electric, both of Japan, while Time Warner, of the US, and Canadian group Seagram, which owns MCA records, were also mentioned as possible bidders.

Thorn powered ahead amid the speculation and, in spite of some selling at the higher levels, rose by more than 8 per cent. breaking through the 1800p barrier for the first time to finish 140 up at 1843p. Turnover was a busy 2.5m. The company would only say it knew of no reason for the sharp share price move.

However, with Thorn due to demerge its EMI Music from the rental business in August. several analysts poured cold water on the prospect of a bid and one said: "I would be sceptical about a bid at this stage

in the demerger process." British Gas, which has been restrained by regulatory woran upward burst that was backed by heavy turnover. It appeared that UBS had 500 out-of-the-money June 240 calls - options to buy Gas shares for 240p at any time

Although the volume repre sented no more than 500,000 shares, it was backed by some genuine buying in the underlying market. Dealers said Gas was a preferred stock for Penfunds. which are pouring money into the market ahead of the end of the financial year. Gas shares rose 71/2 to 2351/2p,

with 20m changing hands. BT and Cable and Wireless fell as hopes faded of an early disposal of C&W's 80 per cent stake in Mercury, the mobile

C&W will have to sell its stake to placate the industry regulator if, as expected, it intends to merge with BT.

On Monday it was reported that Deutsche Telekom. Europe's largest telephone operator, was emerging as the preferred buyer of Mercury Communications. Yesterday, France Telecom said neither it. nor Deutsche Telekom, nor their joint venture, had any interest in Mercury.

BT shares came off 7 to 375 4p and C&W receded 9 to 529p with 34m shares traded between them. In contrast. Vodafone was up 61/2 to 2551/2p following encouraging subscriber figures on Monday. And Orange improved 814 to 234p after an earlier issue of covered warrants.

Dealers looked set to breathe a sigh of relief as word of the end of the petrol price war circulated late in the day. The talk suggested that food

ries, surprised the market with retailers, which account for

around 20 per cent of UK petrol sales, are in the process of increasing forecourt prices by around 2p. Analysts said this was an indication that the cut-throat price war was drawing to a close and would thus help ease margin pressures in

the sector. However, there was little action in the individual stocks yesterday. J. Sainsbury closed 2 down at 367p, while a two-way pull in Tesco left the shares ¼ lighter at 266%p after trade of 7.6m. Asda Group hardened 1/2 to 107p as volume rose to 9.8m.

Shell Transport moved forward 7 to 847p, with ABN Amro Hoare Govett reiterating its buy stance.

Satellite broadcaster BSkyB lost 13 at 438p in the wake of comments from NatWest Securities, which pointed to increasing competition for sports coverage. Carlton Communications

FIRMATORE		SEY	WHIT	IRDIV	183			
	Apr 2	Apr 1	Mar 29	Mar 28	Mar 27	Yr ago	High	*Low
Ordinary Share	2796.5	2781.0	2768.0	2743.9	2744.9	2441.8	2907.9	2696.7
Ord. div. yield	3.86	3.90	3.92	3.95	3.95	4.33	4.06	3.76
P/E ratio net	16.66	16.49	16,41	16.29	16.28	16.80	17.25	15.96
P/E ratio nd	16.34	16.17	16.09	15.97	15.98	16,71	17.03	15.76
Ordinary Share index	x saince co	mplintion:	high 2607	.9 05/03/9	6, low 49.4	25/05/40,	Base Dete	: 1 <i>/7/3</i> 5.
Andrew 24								

Open 9.00 10.00 11.00 12.00 13.00 14.00 15.00 16.00 High Low 2788.7 2788.3 2781.1 2783.9 2788.3 2788.7 2789.1 2793.1 2797.0 2798.6 2780.8 Apr 1 Mar 29 Mar 26 Mer 27 Yr ago 45,406 2907.4 54,897 52,489 45,817 1138.4 44,410 42,771 2585.7 47,692 1827.2

65,209 847.0 742.1 Apr 1 Mar 29 Mar 20 Was 988.00 988.90 990.60 984.50 Mar 29 Mar 28 Mar 27 Yr ago "High 1 988 90 990.60 984 50 - 1054.62

Rises and falls		52 Week highs	and lows	LIFFE Equity optic	פחע
Total Rises Total Falls	841	Total Highs	189 28	Total contracts	43,563 20,241
Same		Total Lows		Puts	23,322
Apr.2 "Data bas	ed on Equity	sheres listed on t	he London	Share Service.	

Zeneca ticked up 15 to 1403p - a record closing high - and attracted the almost inevitable bid speculation which continues to surround the company.

Composite insurers picked up with help from Societe Generale Strauss Turnbull and the return of takeover rumours. SGST moved from under-

weight to buy on the sector and featured General Accident and Guardian Royal Exchange as its key trading buy recommendations. GenAcc rose 3 to 621p. GRE, a persistent bid target, added 7 at 230p; turnover in the shares was 14m, the heaviest ever recorded.

In the life assurance sector, well received figures, including a bumper dividend, from United Friendly prompted the shares to rise 32 to 8090.

Oasis Stores jumped 15 to 297p after full-year profits in line with forecasts. Analysts said the fashion retailer had strong potential to open stores in other parts of the country. A profits warning at Liberty,

the fashion and fabric retailer, left the shares only 3 down at 300p, with a sharp initial fall retrieved by the announcement that Mr Ian Thomson, the former director of Sears subsidiary British Shoe Corporation, is to take over as chief executive with immediate effect. Analysts were disappointed by the interim results from

Highland Distilleries, producers of the Famous Grouse, but firmer prices and increased sales of new and mature whis kies to blenders helped to lift the share price by 8 to 352p. T&N declined 4 to 168p after losing its appeal against a rul-

ing that it is liable to pay compensation to victims of asbes tos dust. The two UK generators shone out in a strong electricity sector as Merrill Lynch repeated its buy recommendations for PowerGen and

gained 81/2 to 119p, topping the list of the day's most active stocks in the Mid 250 index. Granada Group gained 161/2

544p, after Merrill lifted its cur-

rent year dividend forecast to

20p a share from 18.5p.

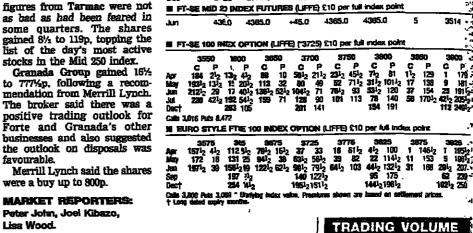
National Power moved forward

The market was relieved that

to 777%p, following a recom-mendation from Merrill Lynch. The broker said there was a positive trading outlook for Forte and Granada's other businesses and also suggested the outlook on disposals

Merrill Lynch said the shares were a buy up to 800p.

MARKET REPORTERS: Peter John, Joel Kibazo, Lisa Wood



+8.0 +7.0 +3.0

LONDON RECENT ISSUES: EQUITIES ■ Major Stocks Yesterday bssue Amt Mid. price pald cap p up (2m.) Net Div. Grs P/E +/- div. cov. yld net High Low Stock 556 Cheben Village 105 Easynet 180 This Info 53 Remning Wild Inc 183 Fulmer 33½ GT Inc Gwith Tat 95 Hell Smit LIK Enig Co 75½ ILP Group 108 †10C Intl 46 Lille Offices Opport 145 Maccional Marie 131 Maccional Marie 4.56 - 9.5 LH4.3 1.7 2.6 16.5 13.2 126 54 187 117 583 284 515 103 -2 FMW4.0 2 2.7 20.5 145 Macdonald Hotel 113 †Manne & Merc 583 New Asia Fund 220 Orange 99 Perp Inc & Garth 103 †Pranty Hith Prop 20 Perphysion Jan

3 F.P. 5.29	. 4	312 52	ner Shield		4		¥-	_	-	16.7
120 F.P. 37.8	141		adium Gro		137	-1	Lv3.8	3.1	3.5	11.
115 F.P. 17.2	136		yests integ		128		-	-	-	
135 F.P. 46.1	163	153 Tri	ed Group		183		Rv2.55	3.0 -	1,6	24.2
Alternative investmen	c Market. F	or a ful	explanatio	n of all o	ther symi	bols	ріселе п	eler 10	% LC	ondor
Sherry Service notes.										
FT GOLD		SI		X						
FT GOLD		_			Armes d	9v	PÆ	62		
FT GOLD	MRI:	% chg 00 day	(() (3) Usr 29	Year ago	Gross d yizid ?		P/E ratio	§2 High	No.	
	Арт 1	% chg	Uar -	Year age					<u> </u>	
Gold Stanes tadax (38)	Арт 1	% chg (a) day	Uar 29	Year age	ylaici 9			High	<u> </u>	
FT GOLD Gold Mines tradex (30) Suphumi Indices Mides (13)	Арт 1	% chg on day -0.5	23 23 2334.02	Year age	ylaici 9	K		2520.	73	22.93
Gold Mines tudex (30) Raghmal holices	Apr 1 2322.52	% chg on day -0.5	23 2334.02 2158.58	Year 896 1929,82	ytski 9 1.41	<u> </u>	ratio	2521 3553	.73 ; 86 2	22.93 22.93

	to										
FT - SE 'Actuaries S	hare In	dices						Ī	he L	K S	eries
		Day's				Year	Div.	Net	D/E	Xd adi.	Total
	Apr 2		Apr 1	Mar 29	Mar 28		yleki%	COVER	ratio	yto	Return
-SE 100	3728.5	+0.3	3718.4	3899.7	3672.6	3168.1	3.98	2.12	14.83	58.10	1513.60
-SE Mid 250	4348.7	+0.5		4326.7			3.41	1.73		57.34	1732.85
-SE Mid 250 ex law Trusts	4376.6	+0.5		4353.8			3.52	1.78		61,04	1746.55
'-SE-A 350	1877.2	+0.3	1871.2	1863.8	1851.6	1580.2	3.85	2.04	15.89	28.26	1557.58
-SE-A 350 Higher Yield	1824.2	+0.4		1814.7			5.08	1.90		35.33	1265.05
-SE-A 350 Lower Yield	1937.7			1920,4			2.71	2.29		20,44	1332.80
-SE SmellCap	2098.77			2095.45			3.05	1.76		15.35	1709.43
-SE SmallCap ex lav Trusts	2081.50			2078.94			3.26	1.86	20.59		1704,49
-SE-A ALL-SHARE	1855.90	+0.3	1650.22	1843.44	7631.90	1336.80	3.79	2.03	16.28	26.82	1563.72
FT-SE Actuaries All-	Surane	Day's				Year	Div.	Net	PÆ	Xd act	Total
	Apr 2	chge%	Apr 1	Mar 29	Mar 28	BQO	yiekt%	COAGL	ratio	yta	Return
0 MINERAL EXTRACTION(24)	3375.49		274 60	3401.72	2207 On		3.86	1.74	10.00	62.80	1446.59
2 Extractive industries(6)	4253.73			4278.73			3.80	2.36			1249.17
5 Oil, Integrated(3)	3405.88			3438.40			4.06	1.64			1496.61
5 Off Exploration & Prod(15)	2423.50			2428.16			2.13	1.52			1456.28
O GEN INDUSTRIALS(277)	2097.80			2084.43			4.01	1.85		22.99	1138.96
1 Building & Construction(34)	1136.62			1133.82			3.57	1.96		11.77	946.35
2 Building Matts & Mercha(29)	1854.03			1825.25			4.07	1.84		8.52	924,40
3 Chemicals(25)	2534.75			2544.85			3.90	1.95			1196.89
4 Diversified Industrials(20)	1780.46			1777,11			5.71	1.51		38.54	994.75
5 Electronic & Elect Equip(38)	2385.53			2365.23			3.03	1.72	24.01	6.36	1227.20
6 Engineering(71)	2431.19			2396.03			3.15	2.4 3		19.03	1467,01
? Engineering, Vehicles(13)	2959.84			2933.05			3.57	1.93		25.81	1523.22
8 Paper, Pokg & Printing(28) 9 Textiles & Apparel(19)	2758.76 1487.11			2766.73 : 1497.78			3.71	1.97		35.97	1146,63
	_						4.73	1.54	16.16		<u>89</u> 6.64
60 CONSUMER GOODS(80) 82 Alcoholic Beverages(8)	3464.93			3452.30			4.02	1.84		61.30	1279.62
12 Alcoholic Beverages(9) 13 Food Producers(23)	2762.84 2482.76			2783.96 2506.79			4.49	1.60		57.34	997,81
4 Household Goods(15)	2569.56			2567.26			4.17 3.86	1.83 2.40		23.31 51.26	1111.24
6 Health Care(20)	1936.19			1939.09			2.73	1.80	25,44		984.12 1168.29
7 Pharmaceuticals(12)	4922.52			4869.79			3.42	1.85		81.77	
8 Tobacco(1)	4180.38	+3.5 4	040.61	4095.67	4184.62	3689.31	6.08	200			1050.08
0 SERVICES(253)	2411.98	+0.4 2	402.45	2387.95	2370.75	1939.68	2.89	210	20.54		1248.10
1 Distributors(32)	2756.62			2716.98			3.12	1.94			1013.65
2 Lalsure & Hotels(23)	3077.48			3000.99			2.72	2.18			1658.26
3 Meda(46)	4078.32			3986.50			212	2.06	28.61	36.16	1473.51
4 Retailers, Food(15) 5 Retailers, General(49)	1872.54			1885.62			3.91	2,40		3.95	1174.95
5 Retaliers, General(43) 7 Brewerles, Pubs & Rest.(24)	1971.66 3013.45			1973.64 2976.88 :			3.06	2.23	18.37	5.78	1114.82
8 Support Services(49)	2178.28			2195.42 :			3.28 2.25	2.08 2.52	18.33 22.08	15.93 6.26	1437.01
9 Transport(21)	2406.40			2417.58			3.61	1.41	24.55		1374.87 998.15
O UTILITIESCISI	2550.90			2512.08			4.88	2.06		35.13	
2 Eachicity(12)	2783.63			2709.45			4.00 5.03	2.06			1076.98 1330.21
4 Gas Distribution(2)	1572.00			1526,47			7,62	1,37		0.00	788.69
8 Telecommunications(7)	2166.91			2130.23			3.90	1.76		0.15	980.88
8 Water(12)	2175.07	2	176.10	21 <u>82.77 :</u>	176.93	1807.82	5.61	2.50		3.61	1179.52
9 NON-FINANCIALS(867)	1978.97	+0.3 1	972.51	1966.27	1953.09	1683.74	3.78	1.93			1494,85
O FENANCIALS(106)	2833.39			2808.34			4.16	2.55	11,77		1222.92
1 Banka, Retail(8)	3932.53		944.89				3.94	277		104.55	

-0.3 3944.89 3310.24 3831.62 2996.59 -0.2 3431.39 3412.32 3387.84 3074.99 +1.3 1360.45 1353.33 1348.18 1229.85 +1.8 3488.82 3475.26 3460.02 2921.58 +0.8 2528.48 2521.31 2520.12 1825.08 3.94 2.88 5.67 4.19 3.62 2.77 2.38 3.14 2.18 1.84 1.29 11.46 104.55 1293.26 18.23 30.82 1082.77 7.02 32.08 1033.25 13.68 92.04 1490.71 77 Other Financi 79 Property(41) . 1456.34 1456.41 1453.84 1375.79 80 INVESTMENT TRUSTS(126) +0.3 3158.12 3157.16 3137.35 2623.78 2.16 1.07 54.05 19.82 1103.19 89 FT-SE-A ALL-SHARE(901) +0.3 1850.22 1843.44 1831.96 1558.90 3.79 2.03 16.28 26.82 1563.72 1174.65 1174.13 1171.18 959.80 2.93 2.19 1177.89 1177.80 1174.73 956.28 3.19 2.87 12.00 13.00 14.00 15.00 10.00 11.00 3731.1 3730.9 3718.8 3718.3 3717.2 3721.0 3722.6 3728.8 4332.9 4338.8 4337.2 4337.9 4341.9 4342.8 4343.4 4345.3 1876.7 1877.0 1871.5 1872.2 1872.1 1873.7 1874.4 1876.1 FT-SE Mid 250 FT-SE-A 350 FT-SE Actuaries 350 industry baskets Open 9.00 10.00 11.00 12.00 13.00 14.09 15.00 1130.6 1131.7 1131.3 1131.3 1133.1 1134.1 1134.1 1134.4 1134.4 4846.9 4857.5 4820.3 4830.2 4832.5 4838.6 4848.6 4867.8 4863.9 2170.9 2171.3 2167.7 2165.6 2164.3 2163.9 2166.5 2167.8 2163.1 4015.6 4007.6 3881.8 3865.3 3678.4 3866.0 3887.9 3981.9 3981.6

Additional information on the FT-SE Accurates Share indices is published in Saturday Issues.

The FT-SE Accurates Share Indices are calculated by FT-SE International Limited in conjunction with the Faculty of Actuaries and the institute of Actuaries, O FT-SE International Limited FT-SE Actuaries Share Indices are calculated in accordance with a standard set of ground rules established by FT-SE International Limited in confunction with the Faculty of Actuaries and the Institute of Actuaries. FT-SE and "Footsie" are trademarks of the London Stock Exchange and the Financial Times Limited and are used by FT-SE International Limited under Research Auditor: The WM Company. *† Sector P/E ratios greater than 30 are not shown. \$ Values are negative. INSIGHT: Herring Baker Harris (Fledgling). CHANGE OF NAME: First Spenish Inv. is now Australian Oppertunities (Fledgling).

1134.4

1134,4 1129,8 4867.7 4829,9 2168,1 2169,1

ÁPV RT.

HUNGARIAN PRIVATIZATION

AND STATE HOLDING COMPANY

INVITATION TO BID

1. The Hungarian Privatization and State Holding Company (hereinafter: Caller or APV Rt., H-1133 Budapest, Újpesti rakpart 31-33.) invites a one round open tender for the purchase of the state owned shares of ALKALOIDA Vegyészeti Gyár Rt. cherematter: Company, Tiszavasvári, Kabay János u. 29., trade register: 15-10-040085).

HUF 4,860,000,000 Subscribed capital of the Company: HUF 6,729,263,000 Equity of the Company: Ownership structure:

> APV RL HUF 4,476,028,000 Local governments: HUF 112,000,000 HUF 371,972,000

2. Bids may be submitted for the stock of 50,02 percent with par value HUF 2,431,000,000, indicating the bidding price. 3. Bids must be submitted to the address indicated in an unmarked envelope in five copies in Hungarian. Foreign bidders may subject their bids also in English or German, but even in this case the Hungarian version shall rule. Buts must be submitted personally or by a proxy in the presence of a notary public until the stipulated deadline.

"PÁLYÁZAT ALKALOIDA RT."

must be written on the envelope.

4 Bidders must mark the original copy of their bid with the inscription "EREDETI". If the bidder fails to do this, the Caller will choose one from the copies submitted which onwards will function as the original. Should there be any discrepancies in the copies the contents of the copy so marked shall rule.

Deadline of submission:

June 5 (Wednesday), 1996, between 12.00 and 14.00 hours

Place of submission-

Offices of the Hungarian Privatization and State Holding Company (APV Rt.) H-1133 Budapest, Újpesti rakpart 31-33., 8th floor, room 802

A receipt of the submission by the recipient will certify the arrival of the bid. 6. Financial conditions, terms of payment

The purchase price shall exclusively be paid in eash. Foreign bidders can only bid in a currency accepted as convertible by the MNB (National Bank of Hungary). Such a bid will

be taken into account by the Caller at the purchase rate officially published by the MNB at the time of the deadline for submitting Further conditions and requirements are included in the detailed tender invitation.

Budders shall undertake to maintain their bid for 90 (ninety) days from the deadline for submitting the bids.

8. To prove their intention to purchase bidders shall deposit HUF 25,000,000 as retention money to the account opened for this purpose by APV Rt. with the Hungarian Foreign Trade Bank (MKB). The Caller shall dispose of this sum in line with the rule concerning retention money.

9 Following the evaluation the final decision will be taken by the Caller. The Caller reserves the right to declare the tender

10. The detailed tender documents and the detailed information memorandum prepared by the Company including the major economic data constitute an integral part of this tender invitation. The submission of the bids is subject to the purchase of the tender documents entitled "PÁLYÁZAT ALKALORDA RT." for HUF 60,000 + VAT, against the presentation of a declaration of

The detailed tender documents can be purchased:

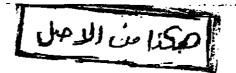
Hungarian Privatization and State Holding Company (APV RL)

H-1133 Budapest

(I)pesti rakpart 31-33.

11. Following the publication of the tender invitation information on the tender, the major data and characteristics of the Company

Hungarian Privatization and State Holding Company (APV Rt.) H-1133 Budapest, (/jpesti rakpart 31-33., room 525 Fax: (36-1) 267-6664



	FINANCIAL TIMES WEDNESDAY APRIL 3 1996 *		31
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Worksom 3423255 46¹4 44³5 44¹2 -1³5 WPP ADR 30 229 131¹2 31¹4 31¹2 +1¹2 Wyman-Gdn D.40 25 280 16²6 16³6 16³6 -X-Y-Z-| XMest | 2911425 33.49 32³6 33³4 4³4 | XMest | 31800 14³6 13³2 13³6 4 3³6 | Xmme Corp | 4 1152 4³6 31³2 4 3³6 | Yestow | 0.94 11 818 12³6 12³6 12³6 12³2 4 3³6 | Yestow | 0.94 11 818 12³6 12³6 12³7 4³4 | Yestow | 0.94 11 818 12³6 12³6 12³7 4³4 | Yestow | 0.94 11 818 12³8 12³8 | Yestow | 0.94 11 818 12³8 | Yestow | 0.94 11 818 12³8 | Yestow | 0.94 11 818 | Yesto

Merger boom Paris up on undervaluation theory, rate hopes helps Dow to extend gain

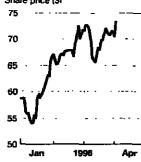
Wall Street

This week's batch of mergers and acquisitions continued to dominate stock market activity on Wall Street vesterday morng. while the main equity indices remained trapped in narrow ranges. writes Richard Waters in New York.

The Dow Jones Industrial Average of leading stocks was up 6.5 points at 5,644.22 by lunchtime, adding to the strong gain seen the day before. The broader based Standard & Poor's 500 index put on 0.06 at 653.81, while the Nasdag composite firmed 2.27 to 1.108.84.

The latest stock to get a boost from an agreed takeover was Teledyne, the Californian high-technology manufacturer which had unveiled a \$2bn

Chase Manhattan



merger with Allegheny Ludlum, a maker of stainless steel. after the market closed on

Monday. News of the deal, which would save Teledyne from an unwanted takeover by WHX. another steel maker, prompted a \$5°, jump in the embattled company's share price during the morning, to \$333. Allegheny's stock slipped \$1 to \$18, a level which valued its all-stock offer for Teledyne at around \$34% a share. WHX climbed \$34 to \$121 a rise of more than 6

There was plenty of corporate news in PARIS, but the broad market climbed on the perception that equities still remained undervalued in comparison with their continental

European counterparts. The CAC-40 index made 14.78 to 2,070.41, another new 19-month rise, with Pacific Telesis up \$1/4 Analysts remarked that some portfolio switching had occurred recently, with some

institutional investors being persuaded to move out of Germany in particular. Expectations of a further round of Chase Manhattan, now the French interest rate cuts were also supporting sentiment. Takeover speculation made its contribution, with Paribas

up FFr14.10 at FFr318 on this theme and Suez FFr8.30 higher at FFr217 on speculation that it might sell its Indosuez unit. Eridania Beghin-Say rose FFr11 to FFr884 as reports circulated that Montedison, of Italy, was about to sell its 50.5 per cent stake. On the downside, Saint-

Gobain slipped FFr5 to FFr641 on a profits warning. STOCKHOLM was dragged down by a sharp fall in Ericsson after a television report which suggested that the telecom group's earnings would decline in the first quarter of

The Affärsvärlden General

ASIA PACIFIC

Emiko Terazono in Tokuo.

fluctuating between 21,464.93

and 21,640.98. Large-capital

steels and shipbuilders, which

led the recent rally, saw profit-taking, while banks were sold

on reviving uncertainty over

the financial system. However,

buying by arbitrageurs and for-

eign investors provided under-

lying support, and individual

investors dabbled in specula-

Volume totalled 500m shares,

against 641.6m. Domestic investors, who had lifted activity

during the previous few days, remained on the sidelines as

caution over the Nikkei's

The Topix index of all first

section stocks edged forward

0.27 to 1,650.02 but the Nikkei

300 softened 0.12 to 307.80

to 472, with 180 issues ending

Street had little impact on sen-

timent. Traders said the Nik-

kei's current level, 5.6 per cent

above the 25-day moving aver-

age, had prompted technical

selling. "Technical analysts regard the market as overheat-

ing when it rises over 4 per

cent from the 25-day moving

average," said a Japanese

Non-life insurance compa-

nies, regarded as laggards, attracted buying. Tokio Marine

and Fire rose Y30 to Y1,390 and

Yasuda Fire and Marine gained

traded actively. Shinko Elec-tric, which makes pre-paid

cards for pachinko, or Japa-

nese pinball machines, was the most active issue of the day

and appreciated Y41 to Y1,040.

Keisei Electric Railway put on

US Dollar Index

204.91 153.94 155.94 156.90 194.59 177.06 402.16 265.40 72.17 154.61 1553.30 1265.17 206.50 444.83 343.64 251.18 1343.64 251.55 178.85 253.53

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177.33 123.26
199.01 138.33
149.48 103.90
151.94 105.61
151.94 105.61
151.94 105.61
168.08 116.83
149.75 291.76
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243.06 168.85

257.77 70.10 150.16 537 38 1164 83 278.91 81.04 229.70 428.15 375.24 165.87 333.76 243.06 173.70

255 95

240.53 233.61 207.12 201.17 232 72 284.31 167.72 162.89 184.03 178.74 256.91 249.52 189.97 154.51 189.94 281.11 185.27 178.94

177,91

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153.69 558.81
920.55 9887.67
220.42 216.99
84.05 55.95
181.53 205.86
338.36 285.93
131.88 161.55
263.78 340.01
192.09 184.89
137.28 175.13
175.71 222.34
202.28 263.53

Speculative stocks were

index eased 0.60 to 1.437.52.

In London the ISE/Nikkei 50

recent rise prevailed.

rs outscore

unchanged.

trader.

The FT S&P Actualities World Indices are owned by FT-SE international Limited. Goldman. Sachs & Co. and Standard & Poor's. The Indices are compiled by FT-SE international and Goldman Sachs in conjunction with the Faculty of Actuanes and the Institute of Actuanes. NatiVest Securities Ltd. was a co-founder of the Indices.

1.54 1.55 2.42 1.96 3.30 1.96 3.30 2.15 0.72 1.39 3.22 4.31 1.42 2.53 3.39 3.21 1.54 1.54 1.54

2.17

Y30 at Y806.

tive favourites.

Tokyo

Share price (FFr)



index eased 4.8 to 1,875.8. Ericsson B lost SKr8 to SKr135.5 as the company sought to dismiss the report. Turnover in the stock was a heavy SKr2.2bn, within a mar-ket total of SKr4.7bn. Further busy trade was seen

in Scania, which made its debut on Monday. The B stock was SKr1 lower at SKr182.5. BRUSSELS was encouraged by lower bond yields and further basket buying which left the Bel-20 index poised to test strong resistance at the 1,700 level. The index rose 17.97 or LI per cent to 1,697.20.

Retailers were among the strongest gainers, Colruyt adding BFr350 at BFr10.525.

Delhaize advanced BFr34 to BFr1,356: the end of a long running price war, and a delayed reaction to a strengthening in the share price of Delhaize's US subsidiary, were said to

FRANKFURT traded in narrow range, extending it upwards in the afternoon as the Dow came in higher. The Dax index closed 7.36 to the good at an Ibis-Indicated 2,508.11, turnover rising from DM6bn to DM7.2bn.

Telecoms-associated stocks moved on interest generated by takeover activity in the US and the UK. Viag, Veba and Mannesmann closed at DM606. up DM9, DM73.90, up 90 pfgs, and DM543.40, ahead DM6.40, respectively. However, brokers noted that Viag was as high as DM658 two weeks ago, before rumours began to circulate about last week's near-DM3bn

ZURICH lacked inspiration and the SMI index fell 6.0 to 3,648.3, with investors unwilling to commit themselves ahead of the long holiday weekend.

Among the pharmaceuticals, Ciba slipped SFr4 to SFr1,475 as some analysts suggested that the SFr919m price for the sale of its Mettler Toledo precision weighing machines busi-

Hoursy changes FT-SE Eurotrack 100 1628.09 1627.81 1627.83 1628.28 1628.00 1628.48 1629.70 1630.28 FT-SE Eurotrack 200 1687.06 1687.17 1687.53 1687.61 1689.58 1689.29 1688.73 1689.81

have contributed to the rise. A SFr1.25 or 5.2 per cent rise to SFr25.25 in Von Roll was

> attributed to a new warrant Bearers in Jelmoli, the retailer, jumped SFr39 to SFr797, with two Geneva based banks, which have recommendations on the stock, said to be heavy buyers.
>
> MILAN saw a technical

bounce as attention turned from politics to higher domestic bonds and the firmer lira. and the Comit index picked up 1.70 to 588.93. Montedison initially firmed

on reports that it was to sell its stake in Eridania Beghin-Say, but the shares fell back to finish L4.6 weaker at L971.1 after the company declined to comment and analysts expressed scepticism

Fiat jumped L97 to L5,067 after news, late on Monday, of higher European sales in January and February. Stet gained L54 at L4,390 on its forecast

from Ft1.6bn to Ft830.7m Foreign demand lifted Borsodchem, the chemicals company, which made Ft250 to Ft2.455, and Inter-Europa Bank, up Ft750 to a new all time peak of Ft21,750.

2,481.96, while turnover fell

ISTANBUL rallied 2.3 per cent, cheered by a successful Treasury auction of 210-day T-bills. Brokers said that lower violds and longer maturities on the T-bills had created positive sentiment about the state of the domestic economy. The composite index gained 1,549.89 at 68,483.57 as turnover rose to TL10,260bn from TL7,940bn.

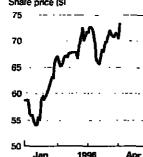
were in Monday's news caught WARSAW was easier follow-Ahold, the supermarkets group, fell Fl 1.80 to Fl 82.30 ing two sessions of rises. The Wig index shed 0.5 per cent to 11.434.8 as turnover rose by 15 and Heineken lost F1 3.80 at per cent to 87.2m ziotys.

Espebepe, the construction group, fell 9.5 per cent in a turnover of 2.1m zlotys after releasing 1995 results which showed that its losses were much larger than had been previously estimated.

In contrast, Animex, a food company, surged ahead 9.6 per cent in turnover of 85m zlotys after it upward revised its 1995 net profits by 12.5m zlotys to 41.5m zlotys.

Written and edited by William Cochrane, Michael Morgan and

Share price (\$)



The targets of the week's two

at \$3414 and US Healthcare ahead \$1 at 523... Shares of two banks which

each this week completed takeovers worth more than \$10bn also extended their recent

US's largest bank, edged for-ward \$1/4 to \$723, while Wells Fargo was up \$1% at \$266%. Citicorp, another bank which has been very much in favour on Wall Street this year, rose a further \$\% to \$81\%. Among stocks in the Dow Industrial Average. General

Motors, which had registered a 5 per cent leap on the first trading day of the week, eased back \$1 to \$55%.

The vehicle maker had reported a fall in US vehicle sales for March after the market closed on Monday, caused in part by a strike that had shut down virtually all of its North American operations. The Dow's modest gains dur-

ing the morning were under-pinned by AT&T, which climbed \$1'4 to \$63'2, and IBM, which recovered some of its recent losses with a jump of \$51 to \$1151.

Canada

Toronto continued to gain ground in late morning trade on a firm Canadian dollar and on strengthening bank issues. The TSE 300 composite index was 14.95 higher by 11 am at 5,009.22 in hefty volume of

Diamond Fields Resources. up C\$\: at C\$40\:, remained at the centre of attention as the group was asked to comment on Inco's offer by the end of the day. Inco was C\$1/2 higher at C\$43¼, while its rival suitor, Falconbridge, C\$1/4 firmer at C\$28, was rumoured to have found a new partner for a counter-bid.

Telecommunications stocks were heavily traded. Northern Telecom moved forward C\$1% to C\$66 on news that Bear Stearns had initiated coverage on the stock with a positive

Mexico, Brazil easier

lower in late morning trade in spite of an early rise following a cut in interest rates in the weekly Cetes auction on Monoff 15.46 at 3.097.81. Volume was reported as being below average ahead of the long

weekend Easter holiday. SAO PAULO was little moved by late morning even though interest rates were cut on Monday. The Bovespa index was down 178.92 at 49.914. Equities rose 1.1 per cent on Monday with turnover totalling only R\$185.6m, or \$198m. well below the average daily volume of some \$400m.

BUENOS AIRES was also

range in slow trading. The Merval index was up 2.28

points at 516.06 by noon. Dealers said investors were so awaiting the release of economic data due later in the week, with tax revenue figures. which so far this year have come in below expectations. scheduled to be released late

vesterday SANTIAGO fell broadly in morning trade and the blue-chip IPSA index was off 0.3 per cent by mid-morning at 94.08. Brokers saw little chance of lower interest rates over the short term, while some thought that there was even the possibility of a rise.

Bargain hunting in S Africa

FT/S&P ACTUARIES WORLD INDICES

Equities fell back in a quiet session which was characterised by bargain hunting in selected stocks

The overall index declined 11.8 to 6.699.0. the industrials index fell 23.4 to 8.263.7 and the gold shares index slipped

Japan 4811..... Malavsia (107)

Velhoriand (19).

New Zestand (15)
Norway (33) -
Singapore (44) . . .
South Africa (45) . .
Spain (37) -

Switzerund (39).

Inted kingdom (2051...

Euro Pacific (1557)

North America (732) 260.05 Europe Ex. Uk (519) 189.88 Pacific Ex. Japan (352) 288.96

Significant features included

Dc Beers, 75 cents down at R122.25. SAB. 40 cents cheaper at R125.50. Richemont. up 25

cents at R59.50, and Amic, R1 higher at R192.

Elsewhere, Southvaal finished R1 softer at R152, while Western Deep advanced R1 to R183 and Dries relinquished 25 cents at R62.50.

136.52 154.88 124.13 140.82 141.45 160.48 105.83 120.06 107.54 122.06 107.35 122.56 122.42 138.88 132.55 133.13 222.24 331.55 180.99 255.54 180.99 255.54 180.91 245.82 830.15 941.80 16 196.53 221.83 56.17 69.73 180.53 182.12 296.01 335.82 296.01 335.82 296.01 335.82 296.01 335.82 296.01 132.93 116.42 132.08 131.93 182.63 121.91 138.31 159.39 177.20 181.34 206.72

417.92 258.83 89.96 150.24 507.51 1187.16 279.62 80.33 229.57 423.31 370.07 166.49 331.19 242.81 174.34

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-0.1 18 02 -0.9 -0.1 -12 -15 -03 -08 -02 03 04 12

.184.07

Y30 at Y1.210 and Pacific Metals rose Y36 to Y771.

Banks lost ground on profit-Profit-taking and technical selltaking. Industrial Bank of ing initially depressed shares, Japan fell Y30 to Y2,930 and but the Nikkei average manthe Bank of Tokyo Mitsubishi receded Y20 to Y2,240. Taiheiyo aged to post a marginal gain on purchases of laggards and Bank, the regional bank which is to be liquidated, continued on speculative activity, writes to come under heavy selling. It was asked at Y130, down from The 225-share index finished 39.69 higher at 21,600.08 after

Y210 on Monday. shed 21.11 to 22,733.34 in vol-

Sustained buying by foreign investors took BANGKOK 2.1 per cent higher, the SET index rising 27.23 to 1,330.86 in turnover of Bt7.6bn.

Dealers said that the index rose sharply in the afternoon after foreign investors, mainly from Europe, bought finance and bank stocks. Finance shares were per-

ceived as attractive, brokers quarter earnings.

Bangkok Bank topped the while Thai Farmers Bank gained Bt4 at Bt195.

said, with the momentum maintained by an apparent short squeeze on futures in the Property shares and banks led the gains. Sun Hung Kai Properties climbed HK\$2.50 to

to HK\$56.25 and Henderson Land HK\$1 to HK\$54.75. HSBC forged ahead HK\$2 to HK\$118.50 and its Hang Seng Bank subsidiary closed HK\$1

TAIPEI railied on strong post-election momentum overcoming a significant resistance

had been rising since the presi-dential election at the end of last month, added 48.26 or 1 per cent at 5,175.75. Turnover came Textiles and electronics led

the rise, gaining 1.5 per cent and 1.3 per cent respectively. Sanfu Motors soared by the

The second board index.

100 per cent from its low ear-

lier in the year, closed 17.14 or

tracks blue chips, fared better,

Super Enterprise finished

losing 5.22 points at 1,153.22.

3.5 per cent off at 468.64.

daily 7 per cent limit, ending 55 cents up at T\$8.45 after reports that the group planned to invest \$300m in a Burmese car KUALA LUMPUR saw heavy selling of second board stocks as investors reacted nervously to a move by the exchange authorities to impose trading

second-liners.

In Osaka, the OSE average ume of 54.8m shares.

said, because they were seen as cheap and because they were expected to report good first-

HONG KONG chalked up a 2 per cent gain, taking its lead from Wall Street and, dealers The overnight rise on Wall

HK\$73, Cheung Kong HK\$1.50

stronger at HK\$78.

The weighted index, which

Nikkei overcomes early slide as Bangkok jumps 2.1%

M\$9.65 or 34 per cent down at

M\$18.60 after the KLSE

imposed trading restrictions on

the stock, which had risen

sharply in recent months. SINGAPORE was enlivened by some activity in Malaysian over the counter stocks as moves by the Malaysian authorities to clamp down on speculative activity in second board shares prompted expectations that demand could

switch to Singapore. The Straits Times Industrial index declined 10.22 to 2,365.81, restrictions on speculative which had risen by more than while the UOB-OTC index ended 2.23 up at 1,160.52.

SEOUL reversed an early fall as institutional investors pur-The composite index, which chased shares actively towards the close to keep their selfimposed rule of buying more

than they sold. The composite

index closed 6.00 up at 884.47. MANILA saw selected buy-2,236.9. ing which took the composite index forward 20.31 to 2,939.33. Brokers observed that most of the interest was concentrated on second line stocks

WELLINGTON continued to notice weakness in Telecom. down 7 cents at NZ\$6.45, a factor which helped to bring the NZSE-40 capital index down 5.37 to 2,128.23.

which had shown good earn-

10.30 11.00 12.00 13.00 14.00 15.00 Clase

1615.40 1669.56

Maar 29 Maar 28

FJ 362,40.

Mar 27

1625.35 1680.39

AMSTERDAM decided to

take a breather after Monday's

made a scant 0.21 to 587.49.

strong gain and the AEX index

Some of the stocks which

the wind of profit-taking:

Océ-van der Grinten surren-

dered Fl 6.70 at Fl 157.10.

per cent over the previous

eight trading days.

KPN went against the trend with a gain of Fl 1.10 at Fl 66.40 ahead of today's 1995 results.

with analysts expecting profits

to rise to some Fl 2.25bn from

the previous year's Fl 2.03bn.

third successive record high.

helped by strong gains in a number of leading issues. The

BUX index added 15.08 at

BUDAPEST ended at its

reflecting the fact that the stock had gained more than 18

of higher 1995 net profits.

Some smaller stocks benefited from market attention: Waste Management rose 15 cents to NZ\$11.05 and Fisher and Paykel was up 8 cents at NZ\$1.69.

SYDNEY was motivated late in the day following a rally in the futures market. The All

Ordinaries index put on 6.6 at

Foster's gained 5 cents at A\$2.33 with about 2.5m shares traded as speculation mounted that Heineken, of the Netherlands, might launch a bid. Rumours suggested that Heineken might acquire BHP's 38 per cent stake in Foster's, and the resources group's shares firmed 7 cents to A\$18.35.

SHANGHAI's hard currency B share index fell 1.9 per cent, with investors cashing in existing holdings to buy two new issues. The index lost 0.956 at

BOMBAY rose 1.3 per cent as foreign institutional buying propelled blue chips to a strong finish after Monday's holiday. The BSE-30 index was finally 43.08 higher at 3.409.69.

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■ Derryatives in Fund Manag FINANCIAL TIMES

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Piccadiffy on 16 May 1996.

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CBOT

1 1

CBOE

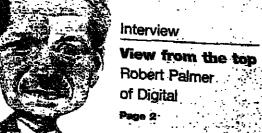
LIFFE

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159.12 174.05 208.47
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mps 2.1%







Desktop Computing The sales battle

Software at work Sorting the data Making sense of the numbers Pages 13-14



Videoconferencing Cost-savinds in time and travel

IT companies How shares are performing Page 20

Information Technology

Wednesday April 3 1996

hile the Internet has been grabbing most of the headlines in IT over the past 18 months, a quiet revolution has been taking place inside companies. Private Intranets - internal Internets shielded from prying eyes by firewall' security software - are blos-

"This other side of the Internet is about to explode," said the Gartner Group in a report published late last year. The research group expects more than 50 per cent of large companies to have not just intranets. but business-critical "enterprisewide webs" by 1998.

into the business environment,"

says Microsoft, in a discussion

productivity, lower costs, and increased competitiveness," says

Advocates for the Intranet claim

it reduces the need for paper and

provides cut-price global access to

corporate information, "dissolving

all departmental and geographic

used on all sorts of computers, fewer

Intranets take advantage of the open protocols, standards and the familiar Web browser software of the public Internet to provide employees, close customers and suppliers with easy access to corporate information and processes. They enable people to find information easily, work together and share the results of their work. At the same time, employees can venture out on to the Net, but unauthorised users cannot get in.

After experimenting with public World Wide Web sites that promote products and services, companies are seizing on Web tools and software as a swift way to streamline their organisations and improve internal communications.

Aircady, Netscape, the Internet software supplier, reports that most of its Web server software sales to companies are for internal rather than external use. On the hardware front, Compaq Computer recently announced that all its computer servers will be sold with Web software already installed.

Meanwhile. California-based Zona Research, predicts that sales of software to run intranet servers will jump to more than \$4bn next year, up from just

year. By 1998. Zona predicts. the figure will hit \$8bn, four times the size of the Internet. server business - and that excludes all the applications

ate intranets. The Intranet phenomenon, like its public network counterpart, has sent companies such as Computer Associates, IBM, Microsoft, Oracle, Netscape and Sun Microsystems scrambling to rush out Intranet soft-

ming tools that are needed to cre-

ware products. For example, after initially underestimating the impact of the Internet on corporate IT, Microsoft, the world's leading software developer, is racing to catch up. The company's domination of the packaged personal computer operating system and applications market inside companies with products such as Microsoft Back Office makes it particularly vulnerable to any shifts in

Recognising this, Microsoft is in the midst of an aggressive catch-up exercise designed to ensure that its such as products. corporate Microsoft Office and Back Office, are not just Internet-aware, but remain at the cure of enterprise wide-net-

working. We see the Intranet as leveraging the benefits of the Internet within an organisation," says Richard Fade, Microsoft's senior vice president in charge of desktop applications. "We think it is impor-First the Internet: tant to be able to do things with the existing infrastructure." Meanwhile, Microsoft has caused ripples in the Web-server software now the Intranet market by giving away its Internet Information Server programme and its browser on the Net. Intranets are the most important new computing platform since business computers were introduced

paper. "Intranets are about corporate workforce connectivity. They connect people to people and people Fundamentally, private Intranets are being embraced by companies because they bring immediate gains in terms of helping people to find among IT suppliers to catch up with an unstoppable information, work together and distribute their results effectively those gains translate into higher market, reports Paul Taylor

phenomenon Intranets allow companies to streamline their internal communications and productivity. Now the race is on

programmers are required to write and inaintain software.

Even more importantly, because present information in the same way to every computer. they are able to consolidate the patchwork of incompatible computer systems, software, and databases which most companies have to live with, into a single system that enables employees to find information wher-

They also allow employees to work in collaboration on projects. For example, engineers at Ford Motor used the car manufacturer's Intranet, linking design centres in the US, Europe and Asia, to help design the 1996 Taurus. Similarly, consultants working for EDS, the computer services group, use EDS Web to collaborate on customer projects. "We are trying to use the Intranet as one of the ways to improve productivity," says Todd Carlson, EDS chief information

From engineers to office workers, employees are creating their own Web home pages and sharing details of their projects and even their diaries with the rest of the company. For example, Federal Express, which is saving an estimated \$2m a year by encouraging customers to track the progress of their packages through a public Web site, is providing its 30,000 worldwide office

"The Intranet is unstoppable,"

concluded Forrester, "it has an unprecedented speed and forward

The widespread adoption of open Intranet technology does, however, pose a serious threat to a large group of companies whose software products are based either entirely or partly on proprietary technology. Among them is Lotus Development whose Lotus Notes 'workgroup' software provides a powerful tool for helping employees, collaborate and whose CC Mail electronic mail package is challenged by open

Internet e-mail. Lotus, acquired by International Business Machines last year, has acknowledged the threat. Although its Notes software still beats the Web at functions such as database replication, content organisation and workflow applications it is, nevertheless, moving quickly to sup-port the HTTP language of the Net and adapt Notes to other Internet standards.

Meanwhile, Netscape is itself moving to broaden the range of products it can offer its corporate customers. In September, it bought Collabra which produces groupware software with some of the features of Lotus Notes.

Other companies, such as Novell. the local area networking leader, and Germany's SAP group, whose R/3 software helps bind disparate corporate functions together, also face a challenge from the

Concerns about the robustness of firewall security could eventually limit the penetration of Intranets, although most companies in the US appear to be sufficiently confident in security to make all but their most sensitive information available internally.

In the longer term. the big winners are software companies, including security special-

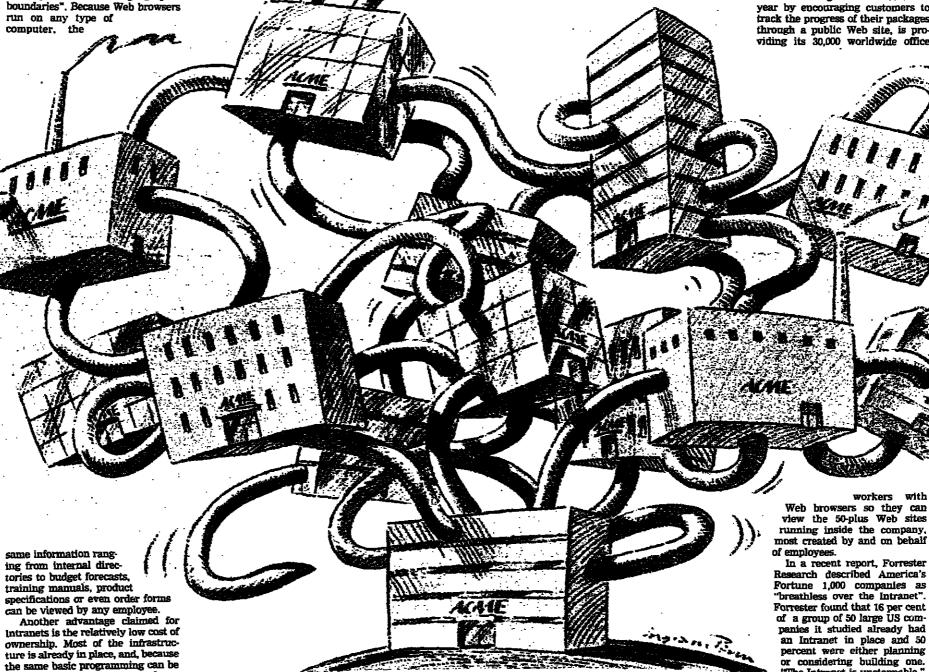
ists, who manage to ride the Intranet wave. Companies Sybase Informix which supply the bulk of the big and powerful database systems used by most companies should also do

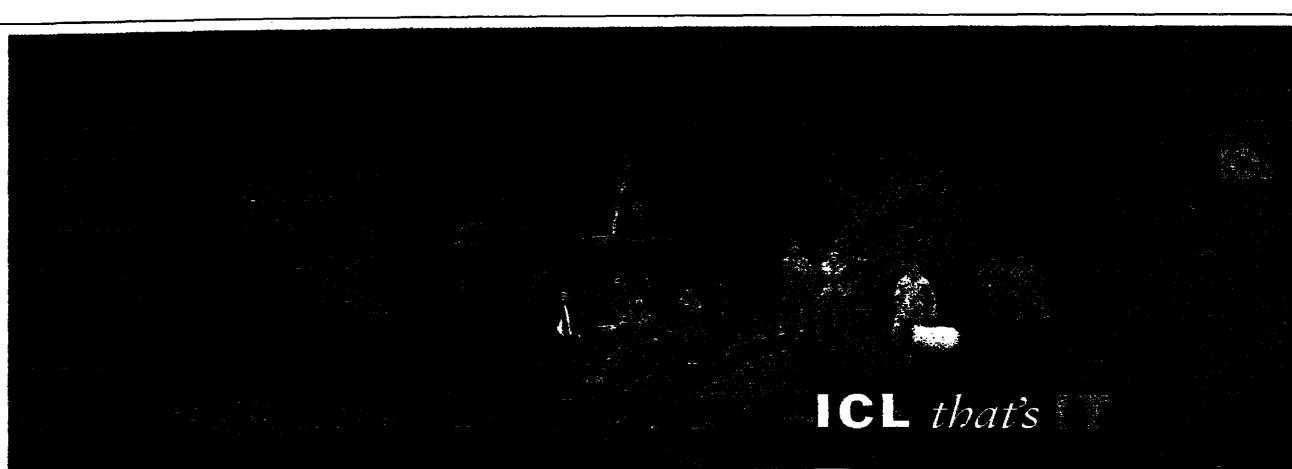
Sybase is already testing a program called Web. SQL, which links Web servers with its own and other vendors' databases, and Oracle has developed a product called Oracle Mobile Agents which is designed to provide mobile

using fixed wire, dial-up or wireless connections. breathe life into Oracle's vision for the Network Computer - low-cost devices designed to provide access to information and programmes stored on the network. The first network devices, built to a specification drawn up by Acorn Computer on

appear in the next few months.

porate Intranets from any location





Every day, our systems and services help maintain and improve the performance of essential services: electricity, gas, water and telecommunications. Technology that allows us to work at a distance, bring remote and urban areas closer together and help safeguard the environment. ICL Information Technology. IT Systems and Services that support your way of life

Alpha the leader in the 64-bit revolution

The instigator of a remarkable turnaround in fortunes sees positive benefits for the arts, education, and science from recent advances in computer power

ust a few years ago when it was haemorrhaging cash, Digital Equipment, the second largest computer group in the world after inter-national Business Machines. was being written off by many in the IT industry as another high-tech disaster

Following its early success with proprietary Vax minicomputers. Digital's failure to adapt to the new world of open systems and PC-centric computing in the late 1980s brought the company to the brink of bankruptcy.

But, under Robert Palmer. who became president and chief executive of the Maynard. lassachusetts-based group in October 1992 and was elected chairman in May last year. Digital has staged a remark-

"When the paradigm shifts like it clearly did from vertically integrated computer companies to open systems and PC economics, the longer you postpone recognising and dealing with that reality, the more painful it is." says Palmer, an accomplished electronics engineer in his own right.

"It was very painful for Digital but we have got that behind us now," he says. In its fiscal 1995 year ending July 1, the group posted its first profit loss the previous year into a profit of \$122m in 1995. Revenues grew by \$390m to \$13.8m. even though the group's employee numbers have dropped to 61,500, less than half the peak level.

Earlier this year, the company confirmed its return to financial health by reporting its sixth successive profitable quarter and strong profit growth, helped by demand for its high-performance Alpha systems. These have garnered in more than \$7bn in revenues since their launch in 1992 and have become established as the leading 64-bit architecture.

Before joining Digital in 1985 and becoming vice president of the semiconductor operations the following year, Palmer, a native Texan with a degree in mathematics and a post graduate masters in physics, had in 1969 co-founded Mostek, the pioneering US semiconductor group, now part of United

The computer industry has over the past few year, he says. gone through a difficult transition from an environment characterised by vertically integrated companies that essentially designed all elements of the computing solution internally, to a disaggregated environment typified by horizontal competitors. This



has resulted in more choices, more efficiencies, increased opportunities and challenges for both customers and suppli-

"No one company provides excellence across all the segments, although some compa-

nies have competencies in several of them," he told analysts last autumn.

Most companies recognise that the vertically integrated model is not the most efficient for a successful systems com-

"This trend will continue today's real world. Variations because it offers customers more choices, more flexibility and the opportunity for increased efficiencies in their operations.

Nevertheless, Palmer acknowledges an enormous Increase in complexity. "Many enterprises today are trying very hard to do business anywhere, anytime, using an interconnected workforce deployed throughout the world.

In order to realise the benefits of internetworked commerce, he argues that companies have a greater need than ever before to develop the capability to integrate or buy an integrated system that will connect users to other users within the enterprise: connect information; and connect to supplier, partners and custom-

For many organisations client/server computing is the first concrete step for moving towards this kind of connectivity. "But consider an example of how client/server really plays out today," he says.

You've got 30 years of data on a mainframe or minicomputer, on MVS or VMS, in the glass house . . . and you are trying to implement SAP R/3 throughout the organisation. but it is available only on Unix...and nearly every department has a Windowsbased desktop . . . and you've got three differed wide-area networks linking dozens of

"This represents a typical tal's systems integration capability on large customers in large customer set-up in

address the increasing comon this theme are seen in plexity inherent in a seglarge, mid-sized and small busimented marketplace. nesses. In each case, the prob-Thirdly, and most crucially. lem is the same: computing

environments that don't com-

municate effectively - or

maybe not at all. We call this

the client/server chasm, or the

black box, metaphorically

speaking, that allows them to

integrate all of the enterprise resources; makes all of those

resources available to any

desktop as desktop objects in

the user's preferred graphical interface; and makes the whole

implementation robust.

dynamic, flexible, transparent

and secure - while at the same

time protecting existing IT

able to connect outside their

enterprises, to suppliers, pros-

pects, their customers and so

on with the same flexibility.

transparency and security.

This all represents quite a

challenge for the information

technology industry. For Digi-

tal. Palmer says. "It represents

it will choose four market seg-

ments - components, system

platforms, connectivity soft-

ware and client/server services

Secondly, it will focus Digi-

in which to compete.

n addition to internal con-

nectivity, customers also

want and expect "to be

What customers want is a

connectivity chasm."

resources will be committed to solving the black box connectivity problem. By the end of the decade Digital estimates that 95 per cent of its customers will be using three systems - Unix, Windows NT and proprietary systems as they inte-grate their businesses.

Palmer sees Digital's much heralded alliance with Microsoft covering Windows NT, together with its Alpha tech-nology, as being crucial to this

He firmly rejects suggestions from some market analysts that Alpha is an expensive

"Alpha is a key strategic investment area for Digital." he says. It has given the group a technological lead in the increasingly competitive world of high performance comput-ing, and "a truly competitive differentiation - the ability to complement our Intel platform offerings, enabling us to offer customers an unequalled line of scaleable systems with Intel or Alpha processors, from notebooks to clustered, SMP mainframe-sized servers.

an enormous opportunity". He says Digital will address 'Alpha allows us to be comthis opportunity through a three pronged strategy. Firstly, petitive at the high end and in the mid-range, and in a way that significantly differentiates us from our competitors. We have paid for EV5 (the Alpha manufacturing facility which cost \$425m), whereas most competitors have yet to pro-

vide their 64-bit systems.

Palmer sees the move to 64. bit computing as inevitable. "High performance computing is a requirement in a growing array of business applications from interactive video servers to systems for technical computing and simulations." he

man and a second

The demand for 64-bit computing power is being driven by power-hungry applications such as multimedia, visualisation, simulation and modelling, 64-bit database software, decision support, data warehouse

and OLTP applications. Inter-

net and interactive video-serv-

"It is not just that we are seeing traditional business operations being done faster and more efficiently, although we are. We are also seeing the possibility of entirely new capabilities, like cost-effective video-on-demand and cellular fraud detection possibilities enabled by Alpha technology." More generally Palmer believes the trends under way in the IT industry such as the convergence of communications and computing and the increased availability of affordable communications bandwith as creat-

ing incredible opportunities. The opportunities, he believes. "are very positive for society, are going to bring results in education, in the arts and in the sciences. We are extremely fortunate to be part of an industry that has an extraordinary opportunity to contribute to the wellbeing and future properity of the world -

■ Profile: Ed McCracken

A profitable passion for innovation

y the year 2007, says Ed McCracken. "we expect to see a 10,000 times change in the price/performance of computers".

The current Cray supercomputer performance will be available on a \$10,000 system by then, he says - "when performance changes by a factor of a only a hundred, it changes the entire paradigm of the architecture and applications. At Silicon Graphics we make sure that we understand the new paradigms first".

Silicon Graphics' strategy is to innovate at the high end and have clear leadership position: "This gives us access to the best and brightest thinkers in the best companies," he says. "We can listen and learn and invent new technologies. We exploit them in the first three to five years, when marketing opportunities can be dd value to our customers' business which allows us to be very profit-

After five years, new tech-

Innovation is the driver which makes Silicon Graphics one of the fastest-growing and most profitable computer companies in the world. Ed McCracken, the chairman and chief executive, is interviewed here by Rod Newing

and Silicon Graphics are less interested. The company uses technological innovation to bring down the manufacturing cost of new technology, so that it can be passed down the range to a desktop machine. At the same time, the rest of the industry is trying to move up the power curve. McCracken believes that the two strategies will compete, but that Silicon Graphics' leadership at the high end will sustain them.

Silicon Graphics also believes that a computer should function as a window into a three-dimensional world, where people can work with an object, a concept or a business process in a natural and intuitive way to achieve greater and faster insights into complex problems. The company

calls this "visual computing". The original vision in the US

Department project at Stanford University which developed the idea of building graphics into silicon chips. The idea current at the time was that a computer should look like a desktop, hence the Macintosh However, the team wanted to view the world in a three dimensional space, which they thought would become a new computing paradigm. A ven-

newspaper and offered \$500,000 to develop it. Silicon Graphics believes that there will be a strong demand for their type of powerful computers because of the move from text and numbers to pictures, three-dimension graphics, audio and video.

ture capitalist read an article

about this vision in a local

"With these, the demand for performance goes up by 100 to 1,000 per cent," he says."A pasnology becomes a commodity grew out of a cold war Defense sion for innovation is impor-

ware we are selling today has been invented in the last two years and sold into markets which didn't exist a year ago. tion we put our best technologists next to our best customers and top universities. They can come up with new paradigms which are not linear projections of current concepts. but provide a non-linear break-

Silicon Graphics has a vision

of 2007, but they do not take it so seriously because the market is moving at chaotic speed "we need a passion for speed as well as innovation, because there is no long-term competitive advantage in the iT industry," he admits. "Staying 'current' is not enough. You must be at the leading edge of tech-nology. We need to get products out early in the window of market opportunity if we are to beat Microsoft and Intel."

The company invests 11 to 13 per cent of revenue in research and development, compared with an industry average of about 6 per cent. "Those companies which rely on Intel and Microsoft for their innovation only spend 2-3 per cent," he says. "We don't have big departments of thinkers. We do what we call 'just in time research'. When we understand a problem, we develop and implement a solution as quickly a possible.

Silicon Craphics started with no concept of multimedia, but in the late 1980s it incorporated digital multimedia in to its systems. It was also one of the first companies to move to symmetrical multi-processing as a way to bring more power to graphics. This brought the



McCracker: 'Imporation often generates unexpected results - and we are very attuned to the unexpected

company into the supercomputer market, where it achieved success by concentrating on scaleable systems. Companies were unable to predict the performance they needed, so more processors could be added

"This allowed us to buy Cray Research for a good price. says Mr McCracken. "They have some good customer and government relationships and great technology, but most of all, they have a good brand name. Cray means more the further you move from Wall Street! I've talked to hundreds of Cray customers and their

"Cray" will be a brand name for the merged companies' most powerful systems. Cray Research had to have a range from the most expensive systems to a desktop, but now the Cray team can focus their

resources at the top end with a more specific market sector. They will not need to worry about the lower end of the market, which the Silicon

Graphics' team will exploit. The combined company will supply a full range of systems from a \$5,000 Silicon Graphics workstation to a \$20m Cray supercomputer. "In five years, people will

still be able to say 'I just bought a Cray' and it will mean something - the fastest supercomputers in the world," he says. "Our key objective is to work hard to provide tools to make software easy to transfer between Silicon Graphics

r McCracken admits. however, that this will require a good and- development. Silicon Graphics already has working relationships with Cray because the companies have common customers.

Silicon Graphics have been described as "the eyes of Cray" because its systems have been used as a front-end to Cray supercomputers. Most importantly, there is respect between

The company that created **Jurassic Park's dinosaurs**

Silicon Graphics is the world's leading manufacturer of high performance visual computing workstations, servers and supercomputing systems.

The company was founded in 1982 in Mountain View, California, by James Clark, a rofessor at Stanford University to pioneer the three dimensional visual computing capabilities he had developed. Silicon Graphics now offers a full range of systems from desktop workstations to servers to super computers, all of which can run the

same software applications. Silicon Graphics has been growing at 45 per cent each year and recently announced an agreed merger with Cray Research. the world leader in These advanced systems arecapable of calculating thousands of millions of arithmetic calculations per second. The combined companies

will have a turnover of \$4bn. Silicon Graphics achieved widespread fame when its systems were used to create the animated dinosaurs in Steven Spielberg's film, Jurassic Park.
Ed McCracken joined Sili-

con Graphics as chief executive in 1984 after 16 years with Hewlett Packard. He is co-chairman of President Clinton's National Infrastructure Advisory Council, which advises the US administration on a national strategy to accelerate development of the information superhighway.

Last year he received the National Medal of Technology from President Clinton.

the two engineering teams.

Innovation at Silicon Graph ics is not aimed just at the business market. Chins designed by SG are used in the Sony Playstation and the next generation Nintendo 64. Silicon Graphics is also working with Time Warner cable in Orlando, Florida to provide the world's most interactive cable TV sys-

"Innovation often generates unexpected results and we are very attuned to the unexpected," says Mr McCracken. Web servers now use the Orlando Time Warner technology for multimedia. When a server has more than 100,000 "hits" a day or if there is real time connection to a database,

then Silicon Graphics technol ogy is needed to provide the necessary performance. The Time Warner technology is also used by many broadcast and movie studios who want an electronic library for digital art and video, including Steven Spielberg's new Dreamworks

studio. Multimedia databases

are Silicon Graphics' fastest-

Silicon Graphics

growing market. The market for innovative thinkers trying to gain compet itive advantage is growing very rapidly," concludes McCracken. "Our company uses human talent to innovate quickly to meet this demand. It allows us to be the fastest growing and most profitable computer company in the

Fressures on IT entrepreneurs: profile by Martin Dickson The maturing of Michael Dell

A shift in company culture is being translated into renewed growth in sales and strong

cash flow

n corporate as in personal life, adversity can be very character-forming. Four years ago, when Dell Computer was being hailed as one of America's fastest-growing companies, a brash, anything is-possible self-confidence pervaded its Texas headquarters. Then came a brush with neardisaster which made the company confront its own short-

It shook itself up, regained its poise and is now one of the world's most successful personal computer manufacturers but with a new maturity, and a much greater respect for management planning and

financial discipline.

Nowhere is the change more evident than in the person of Michael Dell, its whizzkid chairman, who began the business in his college room in the early 1980s and is still only 31 years old. Rather than pursuing head-

Dell now peppers his business presentations with a new slogan, smacking of financial caution: the company's goal, he says, is "to balance liquidity, profitability and growth." The company's difficult patch highlights a common, and potentially fatal, managerial problem: the entrepreneurial business which finds its

keep up with its rapid expan-Dell grew remarkably fast because it spotted an unexploited gap in the computer market: selling PCs directly to the customer by phone, cutting

ing this up with a strong aftersales service. Its sales rose from \$546m in the 1991 financial year to \$2bn in the 12 months to January 1993.

But then came a a string of problems. It had to cancel proposed new range of notelong growth for its own sake, book computers when it realised the products were not competitive: its chief financial officer resigned; and it got into a spat with a Wall Street analyst over its accounting practices. Its share price plum-

With the benefit of hindsight. Michael Dell pinpoints three big weaknesses. First and bronically for an informaexecutives and systems cannot tion technology business - the company lacked adequate information systems

We didn't have a good understanding of the segment profitability of the business,

Continued on page four



Michael Dell, 31, places "a much higher priority on planning . . . and in the way we're running the business, and in balanced results"

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Desktop computing

Battle for the desktop

Dynamic forces at work

While user-companies are increasingly concerned about network management and the cost of running IT systems, hard-pressed suppliers in the personal computer market are discovering that success often has more to do with marketing, distribution and sheer size, than with technological innovation and prowess, reports Paul Taylor

irst the standalone per-sonal computer, and now the networked desktop PC has helped transform corporate data processing and reshaped business computing and communications in recent years. Now, as the millenium approaches, the desktop PC industry is being moulded by new and dynamic forces.

Over the last decade, the PC has evolved from a standalone personal productivity device into a widely connected information tool, and is becoming the centre of business communications," notes Intel, the US semiconductor group whose microprocessors power more than 80 per cent of desktop

"PCs are already used to send faxes and e-mail, to share databases and automate worklong-distance meetings through videoconferencing. The resulting boon to productivity is spurring strong demand for further PC/commu-

nications applications." The PC has become "a strategic, as opposed to a productivity tool", says Andreas Barth, Compaq's European senior vice

Last year, with around 58.2m PCs sold worldwide, PC sales accounted for more than 60 per cent of the estimated \$165m

spent on data-processing. "The trend of computing power has radically moved away from mainframes to the

Years of PC price wars have taken their toll on suppliers profit margins

desktop, and has caused a surge in spending on PCs, networks and software," says Dataquest, the market research

Although there are now signs that the mainframe market is being rejuvenated somewhat through the use of cutprice complementary metal oxide semiconductor (CMOS) technology, the shift to PCs and complex client-server computing in particular, has thrown a a spotlight on the cost of ownership of PCs themselves as corporate buyers have become increasingly concerned about obtaining value for money from their spiralling IT spending.

In response, leading PC vendors such as Compaq are build-ing more advanced management and other features into their PC and server ranges. "The issues that concern our customers are network management, lifetime manager and the cost of ownership. says Compaq's Barth.

The US-based Garmer market research group has calculated that on average, the fiveyear cost of networked PC ownership had risen from \$19,000 in the mid-1980s to

more than \$40,000 today. in fact, only a fifth of the total cost associated with networked PCs is related to the initial purchase. The other 80 per cent includes the costs of training, inventory tracking of hardware and software, soft-ware audits and updates, technical support, user downtime. data loss from system failure and so on.

However, as Price Waterhouse noted in its latest Technology Forecast, standardisation and "years of PC price wars have taken their toll on [PC manufacturers] profit man gins as prices continue to fall

"Because desktop and server PCs are a commodity, room for differentiation is small. Vendors with complex, multiple brand strategies are reconsidering this approach as users are moving back to brand names from the leading ven-

Even so, the last six months even to hold have been difficult times for the world's leading PC manufacturers. Christmas sales failed to match up to overblown expectations in many markets and there are signs that the market for home PCs - one of the main driving

forces for industry growth over the past two years - may be close to saturation in some regions, such as North Amer-

Meanwhile, overall growth rates in the US and some other markets such as Germany. slowed dramatically in the fourth quarter of last year leading to a spate of profit warnings, price cuts and new alliances and partnerships. Although a record number of

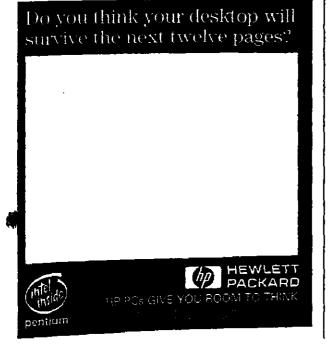
PCs were sold around the world last year, many manufacturers are struggling to survive on razor-thin profit margins. Almost all the main PC manufacturers including Compaq, the market leader, IBM whose PC business has staged a revival, particularly in Europe and fast-growing Hewlett-Packard, have slashed PC prices by up to 35 per cent in

This has added to even greater pressure on margins although this has been alleviated somewhat by sharp falls component prices, particularly of memory chips. Three years ago, PC manufacturers were achieving gross profit margins of around 40 per cent of revenues. Today, the averis about 20 per cent, and

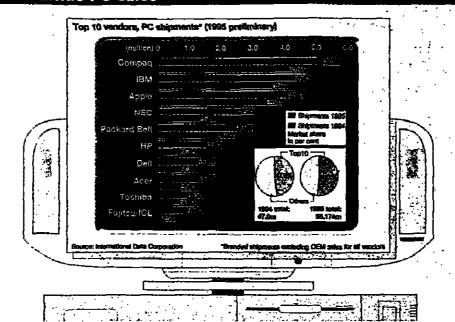
recent months.

the figure is still falling. In response a number of manufacturers have been re-assessing their strategic options. Some, such as Digital Equipment, have pulled out of lower margin segments of the business, such as the retail market, while others - including tropbled Apple Computer - have announced huge stock writedowns and losses. A third group have merged their PC operations with partners or

pulled out entirely. Many analysts believe the industry's current state of 'profitless prosperity' makes it ripe for a round of mergers. acquisitions and alliances as PC companies join forces with each other, or with their component suppliers, to create an elite cadre of global players' capable of surviving in a highvolume, low-margin market.



Worldwide PC sales



Indeed, further consolidation appears likely following the three-way deal announced last month under which Packard Bell, the US home computer supplier, will receive \$283m cash infusion from NEC of Japan and acquire the assets of Groupe Bull's struggling

Zenith Data Systems unit. The deal, which could eventually lead to NEC owning a majority stake in Packard Bell, could become the model for a new generation of PC market

leaders as the industry is As a privately-held company, Packard Bell does not report

its financial results, but industry analysts say that the company lost money last year. But Packard Bell is hardly alone among PC manufacturers in facing problems

Within just the last few weeks, ICL has folded its lossmaking PC operations to its narent, Fuiltsu, And Escom. the once high-flying German PC manufacturer and retailer, faced with a falling marketshare and big losses, has replaced its founder and chief

AST Research, a one-time high flyer in the US PC market, has recorded losses for the past 18 months and shows no sizms of a short-term recovery. Earlier this year, Samsung, the control of AST's boardroom, highlighting the trend of Far Eastern componet suppliers to

extend their global PC

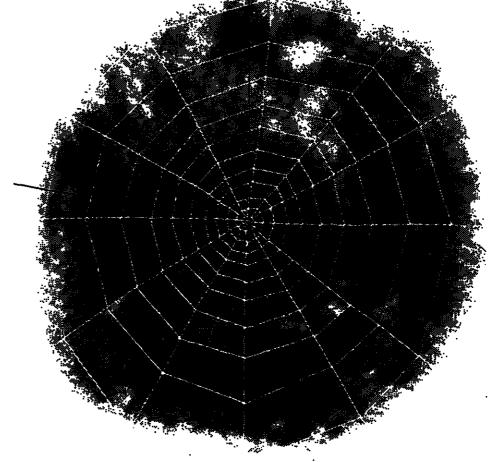
Meanwhile, Apple Computer now also led by a new chief excutive, is struggling to adapt to the new PC world order and has warned of losses of about \$700m for the three months to March 29. Even IBM's \$10bn personal computer business. while recovering, is still only marginally profitable after several years of losses.

Stylish exercises across 12,000 miles

Janet Birrel, pictured above, a ecturer in hair-dressing at Halton College at Widnes. technique of human hair extensions to a class of ten hairdressing students and lecturers at Otega Polytechnic. New Zealand, via BT's PC

Despite the distance of 12,000 miles, the face-to-face interactive with question and answer sessions. Britain has been at the forefront of human hair extension techniques for the last two years, says Janet.

☐ Rapidly rising sales of videoconferencing system based around PCs, will be 90,000 this year, rising to 180,000 next year and 350,000 by 1998, say market analysts. See report on pages 12 and 18



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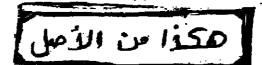
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the multimedia @volution



US desktop PC market - By Louise Kehoe in San Francisco

Prices fall as sales battle intensifies

Home PC-buyers now seek out the very latest

machines to avoid rapid obsolescence

he North American personal computer market is becoming a battleground as leading manufacturers vie for a greater share of corporate purchases by slashing prices and struggle to maintain profits in the cut-throat consumer sector.

Compag Computer, the market leader, precipitated the brawl by cutting prices in early March on its corporate desktop PCs and PC servers. machines that link desktop PCs to networks. Hewlett-Packard, Digital Equipment and International Business Machines responded quickly with matching or even deeper price reductions.

able segment of the PC market. Network servers, in particular, carry much higher profit margins than standard PCs sold through retail channels to home computer and small business buyers.

While gross profit margins in the US consumer PC market have dropped sharply over the past three years to about 15-20 per cent of revenues, network servers have been commanding margins close to 40 per cent. Compag Computer domi-

nates this segment with an estimated 36 per cent market share. As a result, its operating profits have generally been well above those of competitors for the past few years. Now HP, IBM and several other companies are targeting

the network server market and

they claim to be gaining

ground on Compaq. Compaq has been winning in PC servers because nobody else has been on the field. Now we are in the game," said Michael Coleman, IBM general manager of PC server products. IBM's PC server sales grew by 29 per cent in the fourth quarter versus the same period in 1994 he said

Intel, the leading supplier of microprocessor chips to the PC industry, is playing a central role in this new market battle. Over the past two years, the chip company has become one of the world's largest manufacturers of the PC 'motherboard'. the main circuit board in a PC.

Intel entered the motheraccelerate market acceptance

of its rapidly advancing microprocessor technology. The comnany explains that established motherboard manufacturers. many of them relatively small Taiwanese companies, were slow to invest in the design of new circuit boards using Intel's latest chips, so intel stepped in and made the motherboards itself.

However, Intel's production of circuits containing its latest high powered Pentium Pro microprocessors, has enabled enter the network server market. This has generated more competition for Compaq, which in the past has been able to keep ahead of competitors because it has in-house circuit design and production facili-



Ekhard Pfelffer, president of Compaq, the personal compute

For Compaq, which garners an estimated 50 per cent of its operating profits from sales of servers, according to market analysts, mounting competition spells trouble.

'We believe that we need to maintain a momentum and a market-share position that is considerably above the competition," said Mr Daryl White, Compaq chief financial officer. explaining the company's decision to reduce its server prices last month. While the largest US computer companies battle over the corporate PC market. competition in the consumer PC sector remains intense.

To differentiate their products, leading manufacturers are launching new models with faster microprocessors, added features and increasingly large "bundles" of pre-installed soft-

he European market for personal computers continues to outperform its transatlantic counterpart, but there are signs in some markets, particularly Germany, that growth is flagging.

European PC market - By Paul Taylor

Last year the PC market in Europe grew by 25 per cent to 14.7m units, according to Dataquest, the market research firm. This growth was fuelled by strong corporate purchasing and the demand for high performance multimedia machines for the home market.

Although consumer PCs

were traditionally less powerful than office models, the

reverse is now true as home

PC buyers seek out the very latest technology to protect

lescence. The popularity of

multimedia applications including games, entertain-

ment and online information

services - has driven home PC

technology ahead of that used

in the standard office PC,

although the gap is beginning to close with the emergence of

husiness applications of multi-

US households are equipped

with a PC and close to half of

these have two or more com-

nuters. To reach the larger

audience of families that have

yet to take the plunge into

home computing, manufactur-ers are attempting to "bring

the PC into the living room",

making it part of a family

entertainment system together with the TV, video recorder

mail and telephone order seller

of consumer PCs in the US.

recently launched a new type

of home PC specifically

designed for group use in the

home Combining a big-screen

television with a PC, the

so-called "multimedia theater

system . . . will move the home

computer out of the home

office and into the family

room," said Ted Waitt, Gate-

way chairman and chief execu-

Gateway is not alone in try-

ing to find the key to the 60 per

cent of US households that

have yet to purchase a PC.

Another approach that is gain-

ing credibility is the so-called

Network Computer, promoted

by Larry Ellison, chairman and

chief executive of Oracle, the

leading database management

Mr Ellison maintains that

PCs are too complex and

expensive. Instead, he proposes

a \$500 machine that could be

hooked up to a television set

and to the Internet via either a

telephone line or TV cable net-

Computer takes off, the biggest

challenge facing US PC manu-

facturers is how to maintain -

or perhaps improve - already

slim profit margins. In the cur-

rent market environment, only

the largest manufacturers, who

can take advantage of the

economies of scale to minimise

costs, appear likely to flourish.

Whether or not the Network

software supplier.

An estimated 39 per cent of

Dataquest expects growth in the professional market to peak at 15.1 per cent this year and to fall to less than 10 per cent by 1999, as the corporate end of the market becomes saturated. In the private market, growth is expected to remain strong in those countries where economic conditions are

Driven by growing PCawareness, lower-cost products and a greater depth of retail coverage, growth at a Euro-pean level is expected to exceed 20 per cent in each of the next three years, and provides the main engine for growth for the PC market as a whole," said Dataquest in its annual European IT Perspective. However the main beneficiaries of this continued market strength have been foreign-owned manufacturers, led by Compaq, IBM and Apple Gateway 2000, the leading Computer, which remain the top vendors in Europe. Six of the European top 10 PC ven-dors in 1995 were US-based multinationals, and three of those, Compaq, Hewlett-Pack-

> the fastest growing brands. Among the indigenous European manufacturers, Siemens Nixdorf (SNI) was the only company to increase its market share - and top ten ranking substantially, and the only mainstream branded supplier to post a profit in its PC

> ard, Dell and AST were among

indeed, a spate of recent announcements suggest that the long-awaited consolidation of the indigenous European personal computer industry could finally be under way, a process which some in the sector believe will eventually lead to the survival of perhaps just one European PC vendor. Among the developments so

far this year.

 $\hfill\square$ Groupe Bull, the French IT group, transferred its lossmaking Zenith Data Systems unit into Packard Bell, the US retail specialist as part of a three-way deal with NEC of Japan. The deal was described by Bull chairman Jean-Marie Descarpentries, as a "winning alliance", but is seen by most analysts as a move by NEC to provide financial assistance to Packard Bell while consolidating its equity stakes in both Packard Bell and Bull.

Manfred Schmitt; stepping down as chief executive of the once

Mr Descarpentries, who has steered Bull back to a FFY306m profit last year while re-organising its business and its capital base, says that ZDS was too small to survive on its own. Instead, he believes that the alliance with NEC and Packard Bell will enable the group to compete on a global scale. Meanwhile, he is looking for another European partner to take a shareholding in it, matching those held by Motorola of the US, France Telecom and NEC.

□ ICL, the UK-based computer and computer services group, has folded its Fujitsu-ICL branded PC operations, ICL Volume Products, into the worldwide PC operations of its majority owner, Fujitsu. Last year ICL, which acquired German's Aquarius Robotron Systems in Germany in 1995, sold about 500,000 PCs and nore than 10.000 servers, and had sales of more than £680m.

ICL will retain between a 15 and 19 per cent stake in the new Fujitsu-led PC unit which will have worldwide sales of about 3m units and a particularly strong position in the Japanese market. Commenting on the deal Mr David Mills, managing director of ICL Volume Products, said: "I believe 1996 is going to be a year of major consolidations and rationalisations among PC suppliers. Over the past 5 years the bigger suppliers have been getting much bigger, the smaller suppliers have been

As part of the Fulitsu PC operations, the business aims to grow by 50 per cent a year and become one of the top three European suppliers . ☐ Escom, the once high-flying German PC manufacturer

and retailer which acquired

losing market share.

of the market, it also faces

toe in the retail market in 1994 but rapidly withdrew from an area dominated by the likes of Compaq, with its strong brand name, and Packard Bell, with its aggres-sive pricing. Michael Dell says the company found that firsttime buyers were using up a lot of its technical support resources

buy direct, and that large international companies like to deal with a manufacturer directly, rather than a multitude of resellers in different

growth strategy and has

become one of the fastest grow-

ing European PC manufactur-

There are, he adds, plenty of areas that Dell regards as of much higher priority than the home PC buyer. They include notebooks, servers, and markets in Japan and Asia-Pacific. where the company's sales have been growing rapidly. Nevertheless, he reckons

Dell will gradually gather momentum in the home market by selling directly to sophisticated second time pur-chasers. He is not interested in the first time home buver let Packard Bell educate ket and intensify price compe-

But over the second half of the 1990s, as more and more of these people are knowledgeable, and have experience of either a first-time home machine or one at the office, "the direct channel will be perfect for them".



The shake-out starts

the Rumbelows high street stores in Britain last year, money. unveiled a Dm120m loss for last year blaming, in part. lower than expected fourth quarter sales. At the same time, Siemens Nixdorf's stake in Escom was increased from 10 to 12.5 per cent after Escore announced a DM100m refinancing package. Mr Manfred nitt, who holds 23 per cent of the equity, is stepping down as chief executive to make way for a former Escom executive Mr Helmut Jost, who runs IBM's German PC business.

lemens announced that it had had acquired a 10 per cent stake in Germany's other main PC supplier Vobis, which sells under the Highscreen

Commenting on the Vobis deal. Mr Gerhard Schulmever. SNI's chief executive, said: The primary motivation for this strategic move was to create opportunities for joint bulk buying and to benefit from the resulting economies of scale in the purchasing sector." Vobis, however, said the two companies might also co-operate on

The deals with both Vobis and Escom underline SNI's growing confidence and its increasing strength in both the domestic German and the European PC markets following a restructuring programme initiated by Mr Schulmeyer. Siemens Nixdorf moved into profit for the first time last year when it posted pre-tax profits of DM62m on sales of DM12.8bn. Under Mr Schulmeyer, the company has adopted an international



Benedetti: another restruc

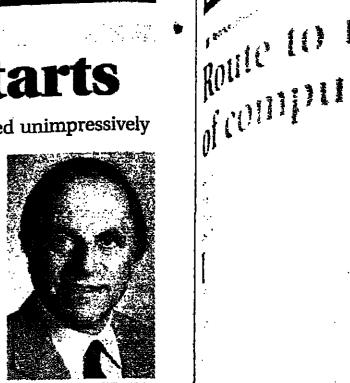
ers - and one of few not losing

Meanwhile, Europe's other main computer manufacturer. Olivetti of Italy, is undergoing yet another restructuring plan with a rights issue aimed at replenishing its weak finances. While Olivetti has been emphasising its focus on the telecommunications sector, its lossmaking PC operations, which had revenues of L1.5bn last year and sold 720,000 units. have been radically pruned. Under Corrado Passera, chief

executive of Olivetti Personal Computers, the workforce has been cut from 4,500 to 1,800. the number of production facilities have been cut from three to one and the business has been refocused.

While Olivetti's chairman, Mr Carlo De Benedetti, has said its PC business will be closed down or sold if it fails to stem its losses, Mr Passera's new management team is stressing that "the turnaround is well under way".

"Shipments in the first two months (this year) were in line with our growth objectives and our low inventory at the end of 1995 meant we were able to cut list prices ahead of almost all our competitors following reductions in both component and other costs," he says Nevertheless, the performance of Europe's older indigenous



Gerhard Schulmeyer, SNI's chief executive: alming for economies of scale with PC supplier Vobis

manufacturers has generally

been unimpressive. Recent

events highlight once again

that in order to survive, PC manufacturers either have to

be global mass market ven-

dors, such as Compaq, or much

smaller niche market or local PC assemblers, such as Amstrad's Vigien unit. Andreas Barth, Compaq's senior vice president in charge of Europe, the Middle East and Africa blames the difficulties of the European computer industry on the fact that they have

mainly operated in protected local markets. The need to expand local sales in order to stand a chance of competing in the global PC market is reflected in the increasingly widely held view that a PC company needs to produce perhaps 2.5m units a year in order achieve the purchasing economies of scale

necessary to compete. Such large scale production also requires a pan-European distribution strategy and effective local managements, something that many of the indigenous European PC-makers have so far failed to achieve. In contrast, almost all of the big foreign-owned PC-makers have established manufacturing operations in western Europe arguing that the key to success 🥞 in Europe as elsewhere, is to "think global, but act local."

Rapid growth in the consumer sector of the PC market

Continued from previous page have strong positions in the

ket are behind the industry's woes. Most significant has been the rapid growth of the consumer sector of the PC market, which is more price-sensitive than the corporate and

government sectors. This, in turn, has helped fuel the 'commoditisation' of the PC market in which most PC manufacturers use the same standard components and software making their products very similar. Thus, competition is increasingly based on price. Intel, the leading chip-maker, has also played a central role in reshaping the PC industry. Not only has it been aggressively cutting the prices of its microprocessors, it has only become one of the world's largest manufacturers of PC motherboards. This, in turn, has enabled companies such as Packard Bell and other 'clone makers' to fragment the mar-

tition. But despite the pressures, some PC manufacturers continue to thrive. Among them, Compaq Computer, the world market leader and Hewlett Packard, both continue to grow strongly, in part because they

higher margin 'server' market Several trends in the PC mar- for computers that power PC

Hewlett-Packard, the secondlargest US computer company. has made a successful entry into the consumer PC market over the past year while Dell Computer's growth has been fuelled in part by its success in the mobile ecomputing market.

However, for many smaller PC manufacturers - unless they are specialist niche players - the outlook is not so rosy. Most industry participants suggest that in order to achieve economies of scale particularly in component purchasing - annual volumes of at least 2.5m units are needed.

For this reason, many smaller vendors are expected to combine to achieve 'critical mass' while others will be acquired by PC component suppliers seeking direct links to the end-user market.

Today, it seems that succeeding in the PC market has more to do with marketing, distribution, logistics and sheer size. than with technological innovation and prowess

□ Next month's FT-IT Review will include a special focus on

Dell's sales grow rapidly in Japan and Asia-Pacific

Continued from page two:

and we were not particularly focused on cash flow and liquidity. We had parts of the business doing well, and parts not doing so well, and we didn't understand that as well as we should."

Second. Dell's management systems could not cope easily with the increasing complexity of the business, as the company moved from one product to three or four, from a single geographical market to many: and from one distribution channel to several.

Third, some of its managers simply could not keep up with the pace of growth and com plexity, Says Michael Dell: "It's not feasible for a \$1bn company to recruit the [right] people to run a \$5bn company, and that is one of the big challenges of an industry like ours. where the business is growing

Dell set about solving these problems by hiring a new team

of experienced high tech industry executives. The most important addition to the team was vice chairman Mort Topfer, a long-time Motorola executive who had been running that company's global land mobile products business

Michael Dell refers to him as his "joint chief executive." hired from rivals Apple, Hew-lett-Packard and Sun Microsys-

non-executive directors, Michael Miles, the former Michael Jordan, the chairman of Westinghouse Electric.

Topfer fucuses on organising the group's day-to-day operations, where he has much more experience than Michael Doll, while the chairman concentrates on strategy. Other senior executives have been

The company also strengthened its team of bringing in figures such as chairman of Philip Morris, and To cope with its fast-growing International presence, Dell

changed its organisational structure from a functional one one based on four regions -Europe, Americas, Asia-Pacific and Japan - each headed by a general manager. It introduced much greater

discipline into its financial controls most notably in inventory. Dell already enjoyed an advantage over rivals in this area, since its machines are built directly to customers' orders, rather than going through the hands of resellers and retailers.

Dell says it operates with about 36 days of inventory. compared to around 100 days for indirect sellers - an edge which is particularly significant in an industry where components costs are constantly falling and technological

rhange is extremely rapid.
It also revamped its product range, mostly notably with the introduction of the Latitude range of laptops, which has substantially boosted its share of this market segment.

The company's culture has changed, too: "There is a much higher priority placed on planning, on rigour and discipline in the way we're running the business, and in balanced results," says Michael Dell. "There's a realisation that

while there might be an inflnite number of good ideas (the company could develop], we are only going to pursue a few All this has translated into renewed growth in sales and-

profits, and strong cash flow. In the year to February 1994 Dell recorded a net loss of \$35.8m, but it bounced back in 1995 with net income of \$149m and made £272m in the year iust ended, on sales of \$5.3bn. up 52 per cent.

However, it cannot afford complacency: the personal computer market is ferociously competitive and in the fourth quarter Dell suffered a decline in margins and some snags in a new model introduction. With a relatively small share

much deeper-pocketed rivals in the form of Compaq, IBM and Hewlett-Packard. Some analysts have expressed concern about Dell's

bsence from the retail market, since home use of computers is such a fast-growing segment. The company dipped its

Dell has concentrated instead on more sophisticated. higher margin corporate and government buyers, which eccount for about 75 per cent of its business

Michael Dell argues that more and more business customers will prefer to prefer to

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Route to more creative use of computing power

As PCs offer increasing power at lower cost, workstation vendors are continuing to provide competitive advantage to users through technical innovation

nnovation, not power, is this market is the incorporathe key to understanding the desktop workstation market. In this market, it is assumed that all products have the ability to provide a high degree of computing power. Power has almost become a commodity in the IT industry, offering little in the way of competitive advantage,

With the increasing use of Pentium and Pentium Pro processors running Windows NT, the workstation vendors must increasingly depend on their ability to innovate to protect their markets.

The workstation market offers competitive advantage to users through innovation in two ways: firstly, it introduces innovations not previously seen in computing, which are then passed on to the PC market. It also acts as a link in a chain of innovation, taking up innovations from the supercomputer market, bringing them to the desktop and passing them on to PCs later.

As the testing ground for new technology, workstations are important to the continued development of the PC market. Far from being threatened by the increasing power of the PC. the workstation vendors see themselves in a strong position to continue to compete.

"Desktop workstations are more complimentary to PCs than competitive." says Andrew Cresci, UK marketing manager for Silicon Graphics. "We invest 10-13 per cent of out turnover in research and development, which is high by industry standards, to create products which do not yet exist in the industry. An innovation may start on a supercomputer, but within two years it would be available on a £30,000 workstation. Eighteen months later it would have worked its way down to £5,000-10,000 workstations and two years later would

be available on PCs."

tion of multimedia technology. Silicon Graphics have re-designed their Indigo workstation to include full multimedia support, especially video-conferencing. A video camera is built in and the entire architecture of the product has been designed to eliminate bottlenecks in the very high data flows which video causes. Video and audio editing software is pre-installed so that users can work with their media from day one.

Controversially, Sun Microsystems have taken multimedia integration a stage further by incorporating multimedia support and graphics acceleration into the processor in their new 64 bit Ultra workstation. "Processor speeds are growing faster than any other component, so we are making this speed available to users," says Chris Saras, Sun's Workstation Product Manager.

The Ultra incorporates a cross-bar switch instead of a conventional 'bus', an approach inherited from supercomputers. It also includes frame buffer technology to store graphics in three dimensional random access memory. Jointly developed with Mitsubishi, this approach increases graphics performance by a fac-

These innovations bring big benefits to users for little extra cost - "once we have recovered the un-front development costs, we can make these innovations available at no additional cost," explains Mr Saras.

But it is important to realise that the benefits of these innovations may lag their introduction. The vendors make their innovations available to software developers, who then have to produce software to exploit these advances. "As a result of our multime-

dia support on our processors, we expect to see developers providing video help instead of An example of innovation in hypertext," predicts Mr Saras.



Silicon Graphics has introduced the Onyx "InfiniteReality", claimed to be the world's fastest and most innovative visualisation supercomputer. able to process graphics, imaging and video data in real time

Mr John Saw. Hewlett Packard's technology marketing manager, warns: "The big challenge is for companies to pick the right technology and use it effectively, rather than just because it's the latest fashion." "A good example of the effec-

tive use of high performance graphics technology is video animation, which has cut down the time and cost involved in producing spectacular scenes in films.' The cost of a workstation,

which range from £5,000 to £50,000, is likely to be cost-justifiable for applications which deliver critical competitive advantage, such as finance, scientific, technical and creative They tend to be key creators

or analysts in the organisation who 'link' their brains with technology to make profits or develop new products. Application areas where the

use of workstations are growing are those which combine complexity with high security and good network ability. These include financial analysis, especially the evaluation of derivatives, network manage-ment and telecommunications. Workstations are also used

extensively in computer-aided design and games, which are covered in more detail elsewhere in this supplement. Clearly, the Unix workstat-

ion market is losing share at the lower end as the power they offer becomes matched by Intel PCs running Windows NT. The demand from users from this combination is such that the Santa Cruz Operation, who used to be synonymous with Unix on PCs, has stopped actively marketing against NT Workstation and is concentrating on the server marketplace.

The workstation vendors see the Intel and Windows NT combination as being threatened by the introduction of network computers. They see the lower end of the workstation market losing their commodity type applications to the world-wide web and serious business applications based on Java, especially when implemented on an organisation's internal 'Intranet'.

Clearly, the desktop workstation vendors are confident of their ability to compete against the threat of increasing PC performance. They will fight the commoditisation of PCs by continuing to provide innovations, either directly or by transferring it from supercomputers - "the workstation market must provide features and functionality ahead of the market," concludes Mr Cresci. It is in the interests of all PCusers that they succeed.



Interactive media, near Reading. The centre, using Silicon Graphics systems, helps UK compa mies develop products and applications with the latest its, ranging from advanced theme park rides to road vehicles and oil rigs for safety training

E Computer-aided design - By Tom Foremski in Forestville, California

Fresh challengers emerge

The three-dimensional modelling market becomes larger and more mainstream

Then it comes to highend workstations for V end workstation. Cad/Cam applications, the workstations from Silicon Graphics are among the best performers, integrating fast microprocessors with three-dimensional graphics technology and a wide range of third-party software applications that enable companies to quickly design complex new

Silicon Graphics workstations are not the cheapest on the market but they offer good cost/performance ratios - and, for many users, the extra money spent on the workstations pays off in terms of faster product-to-market cycles and improved designs.

Silicon Graphics faces competition from workstations from IBM, Hewlett-Packard, Sun Microsystems and Digital Equipment Corporation, and at the lower end from Intel Pentium Pro-based systems. But it continues to dominate the high-end performance sector of the market and spends tremendous resources on maintaining competitive lead.

In order to continue driving its technology forward, the company recently announced

high performance versions of its Mips reduced instruction set computer (Risc) microprocessor and a new line of workstations based on the chips. Silicon Graphics has also teamed up with Hollywood studies and entered into partnership with the movie studio DreamWorks, co-founded last year by director Steven Speilberg, to develop systems for digital sed movie production.

Realism

Silicon Graphics workstations achieved widespread fame when they were used to create the critically acclaimed and realistic dinosaur scenes in the film "Jurassic Park." See page two - an interview with Ed McCracken, chief executive of Silicon Graphics.

While the company's involvement in Hollywood might seem to be something of a vanity project, there is a good commercial reason for the company's work in this "the software that designed the dinosaurs in Jurassic Park can be adapted to modelling the shape of cars, for example. And it has. Hollywood is really driving a lot of

the company develops for Hollywood studios is useful for other types of applications in the Cad/Cam area. Improved 3-D modelling offers users a faster way to design and test new types of products.

Silicon Graphics made its name in the Cad/Cam area. From its beginnings, it has specialised in developing 3-D visualisation systems. This technology is integrated into its systems and into the Mips microprocessors it uses and designs. The latest Mips R10000 microprocessor is considered one of the world's fastest chips and it can also be used in multiprocessor systems in which several Mips microprocessors can be combined to provide supercomputer levels of performance.

As the 3-D modelling market becomes larger and more mainstream. Silicon Graphics faces challenges on the low end of its workstation range. Intel's Pentium Pro microprocessor is a very fast chip and it can be combined with the Microsoft Windows NT operating system to provide a capable platform for Cad/Cam applications. And

our technology." says Mr McCracken. The technology platform, means that workstations can be produced relatively cheaply and it can attract larger numbers of software developers to produce Cad/

Forecast

"Silicon Graphics workstations still hold the high end of the Cad/Cam market where manipulations are important. But at the low end, it is becoming possible to build Cad/Cam systems on Pentium Pro based platforms at a much lower cost," says Andrew Feit, senior industry analyst at Dataquest, the market research company. "Silicon Graphics used to be able to say you can't do this on a PC, but now it can't say the same thing."

As the company innovates at the high end, it eventually pushes its 3-D visualisation technology down to cheaper platforms and eventually into the consumer market - as can be seen with the Sony PlayStation and the forthcoming Nintendo Ultra 64 video games consoles that offer stunning 3-D graphics images.

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VI

New ways to handle the data deluge

The high-speed ServerNet 'really puts a stake through the heart of the mainframe'

nterprise servers provide large organisations with a way to store and distribute large amounts of data. For such tasks, mainframes have long been the traditional solution, but these systems cannot efficiently handle huge

The demands of new types of services such as video servers which process large amounts of video data at high bandwidths; plus multimedia-based databases which handle a mix of large data files: and worldwide web servers bandling thousands of users - all demand fast responses and they challenge the performance of most current computer systems.

The standard client-server approach to networking computers works satisfactorily for most applications, but this type of architecture quickly runs into performance bottlenecks when companies try to increase the number of users. Client-server architectures cannot be easily scaled upwards tions across many PCs.

without losing performance. For example, at Intel's Internet Technology Labs, researchers are investigating doing away with the standard clientserver architecture and instead, using a peer-to-peer technology they have dubbed

PandoraNet.

The idea with PandoraNet is to allow every PC connected to the network to act as both the client and the server. While peer-to-peer networks have been around for many years and are useful for low-performance applications, Pandora-Net takes the concept much further and potentially becomes a powerful replace-Intel believes that as PCs

become more powerful, a lot of the computer power of the PC remains unused for much of the time. These so called "spare cycles" could be harnessed for other applications such as PandoraNet. A network of several hundred Pentium-based PCs, for example. could be much more powerful than a dedicated server, and it would also make use of the unused computer processing capacity within an organisation. The key is to find a way to distribute the server funcAnother technology that promises to provide high performance enterprise-class computing is Tandem's ServerNet. This essentially builds a network architecture within a server in order to handle large data files and fluctuating bandwidth demands by performing very fast input/output functions. ServerNet is attracting a lot of attention because it can deal with different processors,

"ServerNet is a very significant technology." says Gordon Bell. founder of Digital Research Corporation and a senior researcher at Microsoft. "There is really nothing like it anywhere else. It's also a very good technology for building clusters of computers out of cheaper PC platforms. It really puts a stake through the heart of the mainframe." different data storage systems Bell explained that many

Tandem's ServerNet is also 'a very significant technology for building clusters of computers out of cheaper PC platforms'

companies have attempted to

build similar systems, but none

of the alternate solutions are

as good as ServerNet. But the

success of ServerNet depends

on how well Tandem can estab-

lish it in the industry. Tandem

technology to third parties on

"We have announced agree-

their systems and we expect to

an OEM basis.

and deal with various types of communications.

ServerNet is basically a very high-speed switching system that can, for example, transfer data from a storage device directly to a high communications network and bypass the

processor, saving time and

Theoretically, ServerNet can handle as much as 150 terabytes per second, an enormous bandwidth capable of dealing with any current computer application and setting a foundation for future applications manager at Tandem. "We are also involved in the Microsoftled consortium developing standard interfaces for clusterbased systems.* Mr Hellyer says that Server-

Net is available on the recently introduced Tandem \$4000 Unix system. ServerNet will also be available on Tandem's Windows NT systems and on its high-end Himalaya systems. A key feature of ServerNet,

is that it supports parallel processing architectures. This involves the combining of hundreds of processors which break down an application into many separate parts in order to process the application at very high speeds. In such parallel processing systems, the connections between the processors are a key factor in how well the system operates. ServerNet speeds up these connections to create highly efficient systems. The market and research

firm, Aberdeen Group, believes that ServerNet will be useful says it is willing to license the in addressing a host of new computing challenges. In a report last year, it highlighted some of the computing chalments with Compaq Computer and NEC to use ServerNet in lenges facing organisations: make similar announcements "Numerous forms of electronic commerce, from electronic involving other large companies later this year," said Richdata interchange to global

throughput than current processor and software-bound architectures can tolerate."

The Aberdeen report points out that "with video messaging capable of generating 10 megabytes a minute, a current parallel-scalable computer may be able to adequately process the information, but will be unable to manage the future massive throughput that could easily amount to as much as 40,000 times more than the demands

of simple text-only e-mail." Andersen Consulting, which works with large organisations around the world on solving computing problems, is also a big supporter of ServerNet. John Kunzweiler, a partner with Andersen Consulting, says: "Today, our clients are looking for breakthrough applications that effectively incorporate graphics, imagery, video and voice. This drives an incredible demand for scalability and bandwidth that has not

en commercially viable." Tandem is making a big push behind ServerNet after spending more than \$250m in its development and it hopes that it will become an industry standard and that it will help lower the price and increase the performance of large

InterForum 96

London symposium on the future of desktop computing

A European audience of directors and senior personnel from the IT-user community will hear an impressive line-up of speakers taking part in InterForum 96 in London on Friday, June 7 when the theme will be "the future of the desistop - business strategies for the network-centric computing

Sir Peter Bonfield, chief executive of British Telecom. and chairman of ICL, will deliver the opening keynote address. The closing address at the televised event at the Queen Elizabeth II Conference Centre, Westminster, will be given by Mr Larry Ellison, chief executive and president of

Oracle. InterForum 96 marks the launch of an annual IT symposium by Uniforum UK, in association with the Financial Times. Uniforum is a non-profit organisation with more than 1,200 members spanning the vendor, user and central

the software company,

government communities. The one-day event will also address an international audience via the FT Television service which is available to TV stations worldwide. Other speakers wil) include Mr Mike Briercliffe, chairman of Uniforum UK; Mr Irving Wladawsky-Berger, head of IBM's Internet Division; Mr Philip White, chief executive and president of Informix Software; Mr Keith Todd, chief executive of ICL; and Mr Javaid Aziz, European vice-president of Silicon Graphics. Speakers' views will also be available on the Internet via the FT Web site.

mexit.

□ For more details of the event, contact Ms Connie Strong at FT Conferences, London, on tel 0171 896 2626, fax 0171 896 2696; or Mr Philip Flaxion, executive director, UniForum UK, tel 0181 332

☐ The FT-IT Review in June will also examine business strategies for the network-centric compu era: for more details, see par on page two of this issue.

E Commercial network servers

Networking is moving to a new level

The growth in use of commercial Unix servers in the past year has been

phenomenal, writes **Louise Kehoe**

ommercial network servers represent one of the fastest-growing segments of the computer industry as corporate computer users move to rapidly expand networking throughout their

organisations and beyond. While almost any type of computer can be linked to a network and called a "server". demand for multi-user Reduced Instruction Set (Risc) computers, running the Unix operat-

ing system, is soaring. These are the "enterprise servers" that are beginning to bite into the traditional mainwell as the midrange computers that are used for large departmental networks and by medium-sized businesses and

organisations. The growth in use of commercial Unix servers over the past year has been "phenomenal", according to the Aberdeen Group, a Boston-based market research firm. Worldwide sales jumped 43 per cent last year to \$14.3bn, the researchers said in a report, published in February.

Hewlett-Packard set the pace for the rest of the industry by increasing its Unix server revenues by 57 per cent in 1995 to achieve a 49 per cent market share and \$7bn in revenues.

ing to Aberdeen Group, with sales boosted by its new high performance massively parallel SP system. IBM's Unix server revenues were up 45 per cent at \$2.75bm, giving it a 19 per cent market share.

Sun Microsystems came in third with a 9 per cent market share, growth of 35 per cent and revenues of \$1.3bn. With new products that will

expand Sun's range into the

"enterprise class" server mar-

ket due out later this month, the company aims to greatly increase its sales this year. Digital Equipment, starting with a small base, achieved a record growth rate of 73 per ent, boosting revenues to \$475m. Digital ranks sixth in

the Risc/Unix server market with a 3 per cent market share. "Enterprises are investing in these systems to increase the effectiveness of their husbness processes," the Aberdeen analysts said. "They have found that there is a real and signifi-

cant payback.' The market analysts predict that sales of multi-user Risc-Unix systems will continue to grow at a rate of more than 40

per cent this year. "Networking is moving to a new level," said Anil Gadre vice president of corporate marketing for Sun's computer hardware division. "So far, the role of UNIX in the commercial market has been primarily for pilot projects and for departmental use." he noted.

With higher transaction throughput and reliability, Sun's new servers, which are scheduled for introduction this month, will "cause the datacentre manager to say 'I don't have to buy buy another mainframe'," says Mr Gadre.

"This doesn't mean that companies will throw out their mainframes, but we are seeing the beginning of a long-term trend away from the main-

If the Sun executive's prediction proves accurate, IBM is likely to see growth in its mainframe computer sales stall. The Aberdeen Group analysts note that the mainframe computer market grew at a relatively slow pace last year of about 5 per cent, "but it would have most likely suffered the same double-digit percentage decline as in the previous five years if users had not migrated to less costly to maintain CMOS-based systems," the ana-

lvsts add. Whether or not the mainframe is a dying breed, it is clear that multi-user Unix serv-

role in enterprise computing. One of the keys to success in this segment of the computer market is scalability, says Mr. Gadre. Many customers purchasing a network server are uncertain about the size and performance of the machine

they need. Companies building an Internet site, for example, often find it hard to predict how many visitors their pages with attract. Similarly, on a corporate network, the load on the network server is difficult to extrapolate as new applications are developed.

The leading network server vendors therefore offer a broad range of ungradable hardware that enables users to start small and grow, or pick an affordable price point.
This is clearly Sun's strat-

egy. While Sun has to date competed in the low and mid ranges of the server market, it is now targeting the market for high throughput systems where IBM and HP are the dominant suppliers.

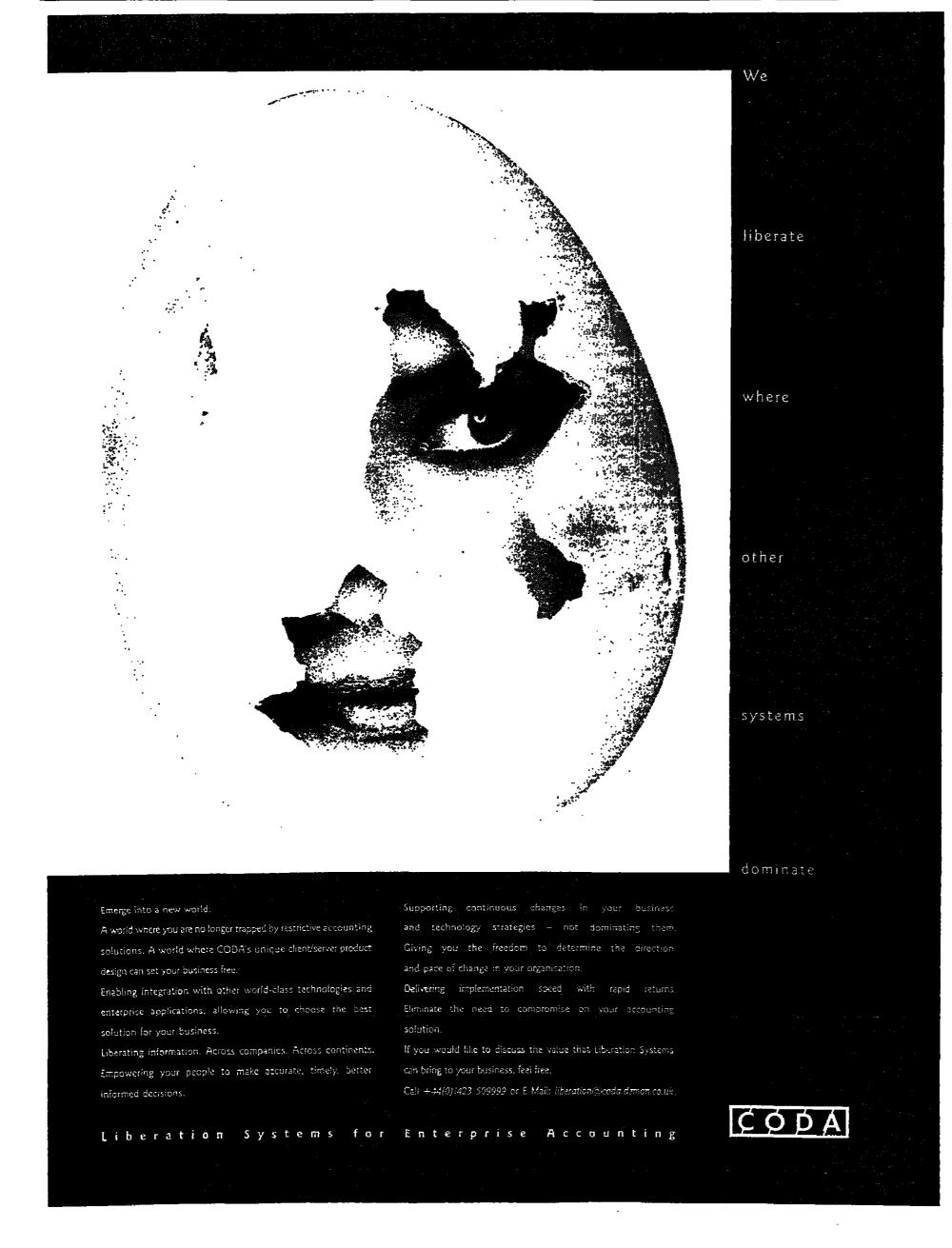
Sun's anticipated entry into the "enterprise network" market is already fueling fierce competition from existing market leaders. Hewlett-Packard, for example, has launched a pre-emptive strike, offering Sun customers special incen tives to upgrade to its highest performance servers

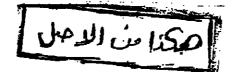
HP announced last month that Sun customers can trade in their equipment to win discounts of up 20 per cent on the cost of an HP 9000 server.

"HP is giving Sun costomers the opportunity they've been waiting for an easy and supported upgrade path to the enterprise-class, scalable family of HP 9000 servers," says Carol Mills, general manager of HP's General Systems Division. as she launched HP's aggressive marketing campaign.

Even as leading computer

manufacturers vie for a bigger slice of the fast-growing market for Risc Unix servers, however, manufacturers of computbased on Intel's microprocessors - running either Unix or the Microsoft Windows NT operating system are nipping at their heels. Both could represent a significant challenge to today's leaders in the commercial server





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An exploding marketplace Desktop video systems and the Internet bring rising demands for data storage

Reen interest in multime-dia and corporate server systems is fuelling strong growth in the hard disk market, but new storage needs are emerging as users struggle to manage their gigabytes of information. One of the surprise "hit" products of 1995 was a low-cost

storage device that uses removable 100MB hard disks; combining the portability of a floppy disk with the high capacity of a traditional hard disk, the Zip Drive's success surprised its US manufacturer, lomega, which cannot make enough of The drive costs £150 while

the 3.5-inch Zip disks cost £17 and can store the equivalent of 70 floppy disks, making them ideal for organising and transporting large multimedia files or data relating to specific chients and projects. Removable magnetic and magneto-optical drives fill a

gap between traditional hard disks which are fast but relatively expensive and cheaper storage, such as tape drives, which are much slower.

This concept of hierarchical storage management (HSM) comes from the mainframe world and is becoming increasingly important for desktop computer users, particularly in networked environments.

Network server storage needs are growing at 60 per cent a year as networks replace mainframes as repositories of corporate information. A typical network with 5 gigabytes of storage may contain 400,000 files. Many are used rarely or never, but removing the dead wood is a tedious

■ Storage management and new media - By Geoff Nalm

task. Dave Holland, managing director of UK storage systems company Tape Pro Systems, says: "This volume of data is simply beyond the capability of an administrator to control without some type of automated support." The US company Chevenne Software sells a product, Cheyenne HSM, that after 90 days of

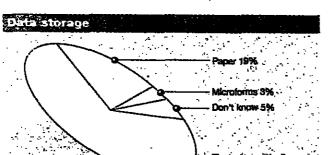
inactivity transfers dormant files from Novell and Unix networks to optical disks; after a further 90 days, they move to cheaper cartridge tapes. The files are shown as still present to users and are automatically reloaded if needed.

Cheyenne HSM costs from £5,100 (£7,000 for Unix) while IBM has a similar product, called ADSM, which typical costs £6.000. David Ball, Chevenne marketing manager, says the company plans to offer a cheaper version of its software for desktop computer users, which will also include an

automatic back-up facility. "Back-up awareness is low with home users, even though they may have their home finance files on the PC," he-

Despite the growing importance of storage management and new media, the industry's main focus continues to be

disk tage or memory 73%



Although advanced technology exists for storing data electromagnetically, the cost and scale of projects and the time taken to bring new systems on line were perceived to be the key considerations in a new survey among 100 IT directors in UK companies. The survey was carried out by Gailup for StorageTek, the data storage speciali

Today, a single gigabyte (GB) disk for a PC costs less than

£150. The relentless price erosion - market research firm Dataquest estimates prices drop 10 per cent each quarter and speed of technological development have triggered a spate of mergers and acquisitions as disk-makers strive to improve efficiency and reduce dependency on low-margin PC

Western Digital, the US manufacturer most reliant on PC disks, plans to belatedly enter "enterprise storage" market in September, with hard disks for corporate servers and workstations. These offer higher capacities and greater performance than PC disks; they also command better mar-

Fellow US drive-makers,

face (SCSI) technology to transadopted the same strategy. fer data at higher speeds. PC IBM has turned round its onceailing storage products division by focusing on highermargin products, such as drives for portable computers and corporate servers.

Big requirements

"Thanks to keen interest in applications such as desktop video and Internet, the storage market is exploding," says David Trussler, IBM European marketing manager for storage products. A minute of full-motion video requires tens of megabytes of storage, while a 4GB hard disk is the minimum needed for a small Web site. Larger corporate sites need much more. High-performance hard disks spin faster and use Small Computer Systems Inter-

drives, while two to three times cheaper, have traditionally used a slower interface technology called Integrated Drive Electronics (IDE). However, the gap is now closing as PC disk-makers

adopt the new Enhanced IDE technology, which transfers data at up to 13 MB a second a speed comparable to the latest SCSI disk drives. Another lucrative storage

market is disks for portable computers. Here, IBM has a strong technical lead with its magneto-resistive head technology, which crams more data on to the smaller 2.5-inch disks used in portable computers. Western Digital plans to

offer a radically new 3ins. drive later this year. This should bring down the costs of



Securiff. The innovative system offers automatic storage and retrieval of data, controlled from a single PC at a mer's pramises. Surveys show that most companies are looking for easier-to-use back-up systems

are historically difficult to make," according to a Western

Digital spokesman.
The company will use 3ins

is working with US portable computer maker Compaq Computer. The US market research firm IDC predicts 115.5m hard technology developed by the disks will be shipped world-

portable drives as 2.5ins drives Singapore company JTS, which wide this year, 30 per cent higher than in 1995, though it says suppliers will face of technology development

E Standards in networking - By George Black

Network managers face a hard choice

Novell, the software company, has recently changed its strategy against arch-rival, Microsoft

Tovell's Netware, for a decade the leading net-work operating system for desktop computers, may be threatened by Microsoft's Windows NT (New Technology)

Although Netware had its most successful year in 1995, many network managers are now considering adopting Windows NT. Some are starting to ask if they will really need two network operating systems in the long term.

If they are determined to standardise on one system. they may eventually decide to do without Netware. This has not happened to any significant extent so far, but people in the industry are watching developments closely to see how seriously the progress of Windows NT will impact Netnies have predicted that Windows NT will gain a steadily larger share of the operating system market at the expense of both Netware and Unix. Unix is at present the favourite operating system for the server end of client-server corporate

It starts to look as if Netware could lose more than Unix. Netware at present represents 64-66 per cent of the installed base of operating systems worldwide, while Windows NT has only around a 6 per cent share, according to the latest

market research. However, research figures from International Data Corporation indicate that Windows NT is gaining ground against Netware, with 18 per cent of European sales of server operating systems in 1995 against Netware's 40 per cent.

Mark Hassall, a UK product manager for Microsoft, declines to predict when Windows NT may overhaul Netware, but he points to independent forecasts that it will become the preferred application server platform by 1998.

tion server make it more suitable for managing business critical systems such as e-mail and groupware.

"If it succeeds as an application server, it will also succeed as a network operating system," he says.

Microsoft concedes that many users have a large investment in Netware which they will not want to throw away. Their computing staff also have Netware skills, but far fewer have Windows NT skills. So, for the near future. Windows NT will have to coexist with Netware.

Novell's management has recently changed its strategy against Microsoft. Abandoning its bid to challenge Microsoft across several fields, it has sold off its Wordperfect word-processing subsidiary and is now concentrating on improving the functionality of its networking products.

Netware has grown from a simple but efficient file server and print server system into a complex network operating system. If Novell can add to those features faster than He argues that Windows Microsoft can develop similar

ones, then Netware may retain its supremacy. Some analysts doubt

standpoint standardising on Windows NT would be the best solution for network managers

For example, Waverly Deutsch of Forrester Research argues that, although Windows NT is a much better application development environment and has more applications available, Netware is still far ahead of Windows NT in networking functions - "users therefore need both," she says.

seen as being better for systems management and network management and as having an important edge in managing directory services. The latter is one of the prin-

cipal battlegrounds between the two companies. An enterprise-wide directory enables users to obtain information easily from any point on a network. At present this is impossible in many organisations because the directories of their different departments are not integrated. The situation is

comparable to that on the telephone system before direct dialling was introduced. Both Microsoft and Novell

Novell has a clear lead in

whether from a technical are striving to develop their operating systems to make it easier for network managers to achieve such an integrated directory.

> this area, with its Netware Directory Services, included in Netware 4.0 and 4.1. Mr Lalit Nathwani, manager of Novell's UK market development group, says that NDS is well on the way to becoming the industry de facto standard.

NDS will be available on etware is generally Unix and Windows NT as well as on Netware within two years, he says. But despite Novell's technological lead there is a strong

expectation among market analysts that Microsoft's enormous marketing power will turn Windows NT into another big success. Microsoft hopes that the desire for a single operating system among network managers will in the end prove strong

from many sites. This battle looks set to run

enough to push out Netware

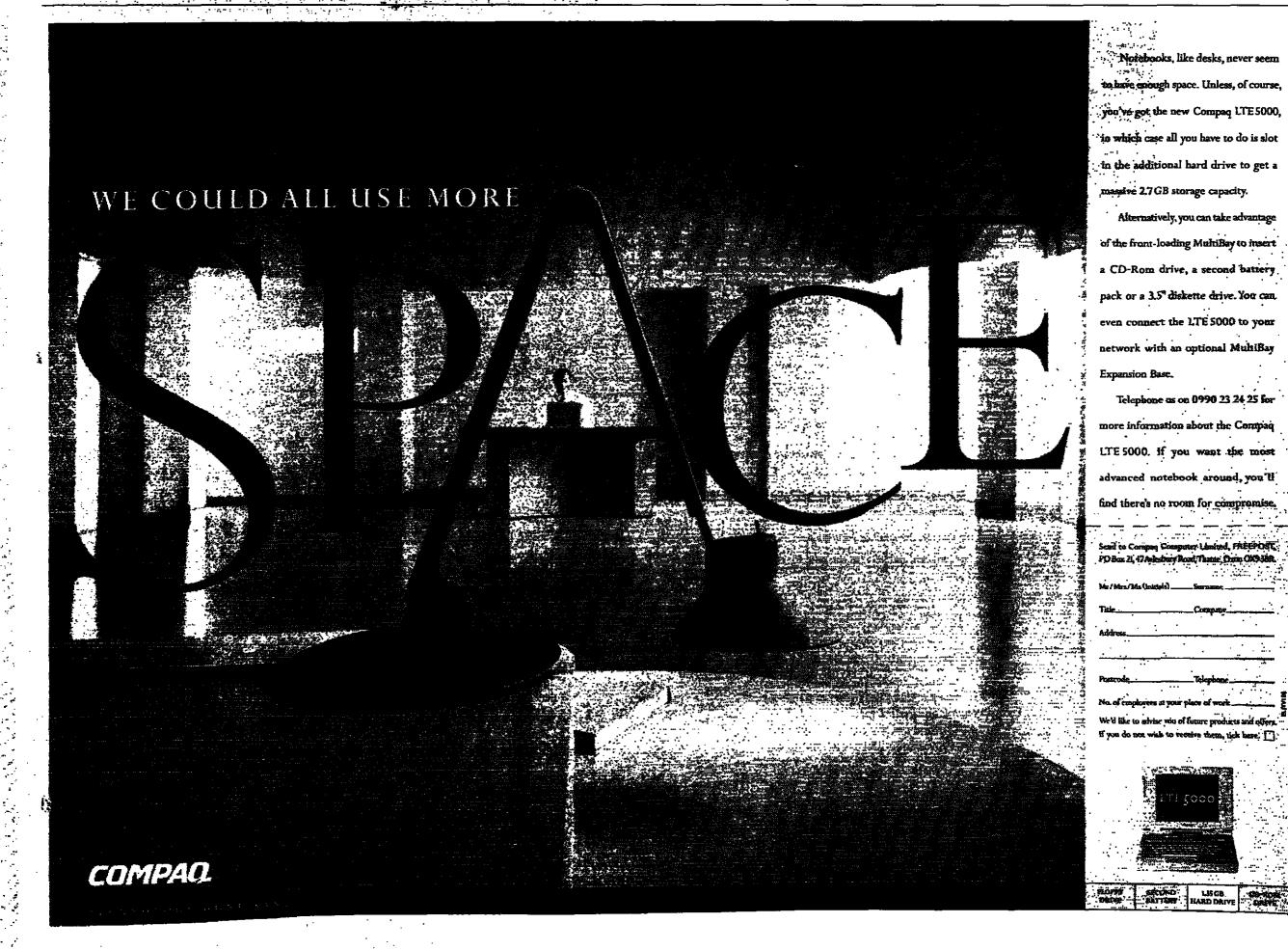
vears. In the middle of this year Microsoft will enhance Windows NT by adding to it the graphical user interface of Windows 95.

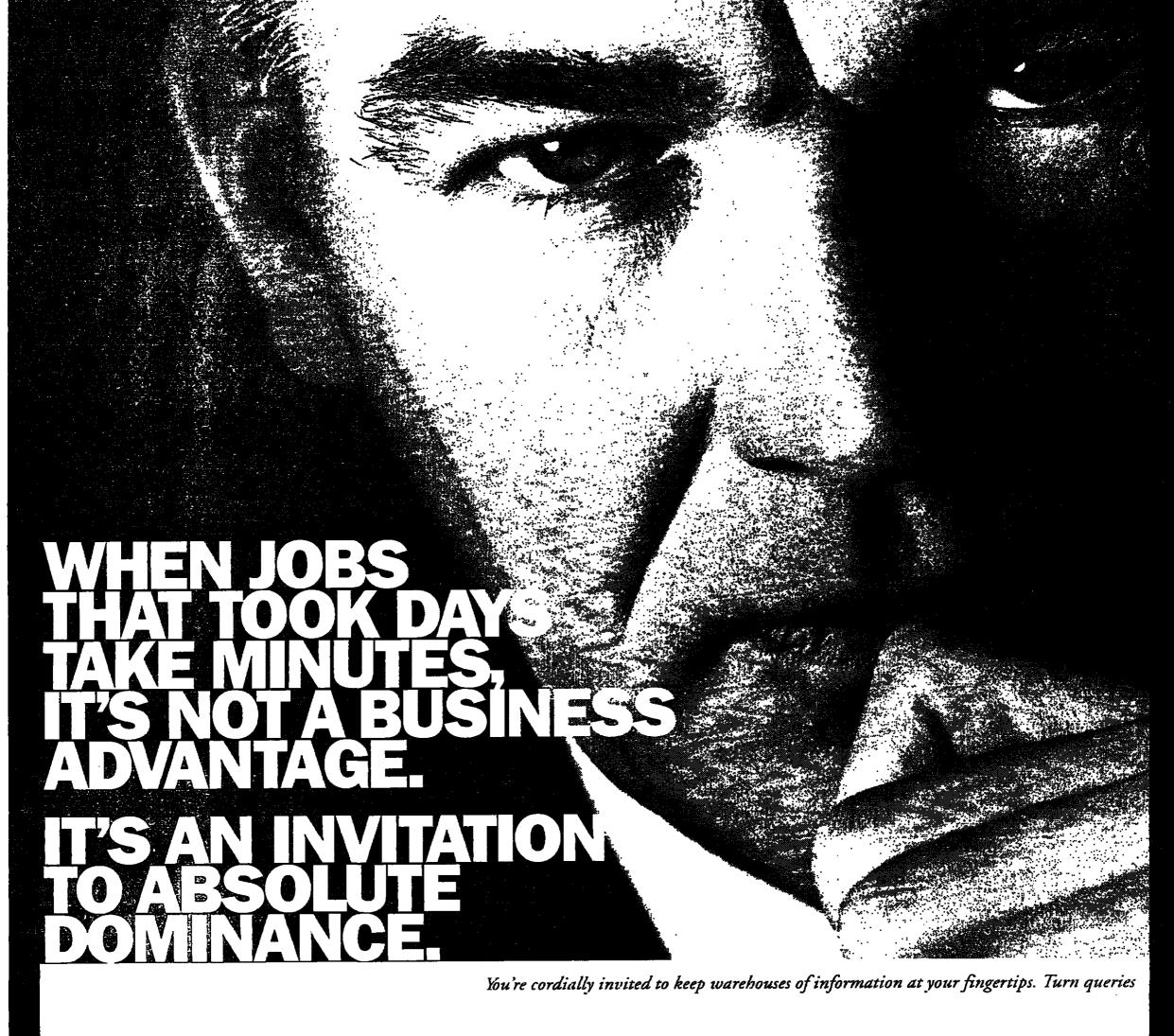
Microsoft is scheduled this year to let users test a new version of Windows NT, codenamed Cairo. This is likely to make big enhancements to Windows NT's scope, but it will still not offer directory services to rival Novell's.

Microsoft says it cannot build a directory services product until after Cairo is finished. The question remains whether it will opt to develop such a product in-house or buy one to save time.

Novell probably has a twoyear breathing space in which to build an unassailable position for Netware.

Waverly Deutsch argues that the best outcome for users to gain a more certain view of their future would be for Microsoft and Novell to reach an accommodation. Now that Novell has withdrawn from competing with Microsoft on a broad front, that might still be possible. But the odds must be





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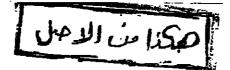
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Desktop computing



Stemens Nixtorf. The system is claimed to be a world's first print and mail ma production process "for zero defects and guaranteed despetch and delivery", automating high-speed printer output and mailing line

III The printer market - By George Black

Intense competition pushes prices down

Many businesses are buying colour inkiets in preference to mono

laser printers n the past year the desktop printer market worldwide has moved sharply from

monochrome to colour. The mono inkjet sector has sagged, while the colour inklet sector has soared. In late 1994, colour and colour-capable printers made up only a third of the inklet market. By the end of last year, they made up around 80 per cent, according

to market research. This change has largely happened because of the fast-falling price of colour inkjets. Two years ago, a four-colour inkiet printer might have cost around 🔾 £600-£700. Today, an equivalent but more powerful model costs around £300-£400. Entry-level models may cost as little as

The result is that many more: tage of attractive presentation of output from their personal computers - "users feel they have to have colour for their marketing material to stay up with their competitors," observes Julian Rutland, product development manager for

manufacturer Canon UK. Users are keen to be able to print information from the internet in colour, according to Lucy Pedrick, market analyst with the research company

Romtec. Darren Wall, UK colour printing programme manager for manufacturer Hewlett-Packard, says colour is being increasingly adopted to make spreadsheets more readable to help hard-pressed exec-

Mono-only inkjets are no longer sold by some of the leading vendors.

It is doubtful whether the low end of the laser sector, where prices cannot fall much below £400, can sustain itself against this fierce competition from inklets.

OLOGY DRIVE

The laser share of the UK market fell from 27 per cent to 22 per cent between the beginning of 1994 and the end of 1995, according to Romtec's figures, while the inkjet's share rose from 54 per cent to 66 per

losing popularity, falling from 19 per cent of the market to 11 per cent in the same period, although that decline has been less rapid than some expert-

ence for any printer manufac-

turer. To them, the name of

Canon is just as respected as

that of Hewlett-Packard. More-

over, these users tend to be

more price-conscious than

The market has therefore

started to become more open

and competitive. Hewlett-Pack-

ard remains the dominant ven-

dor. Romtec's figures show lit-

tle sign that competitors have

made much impact on Hewlett-

Packard's share of the total

market so far. That stood at 42

per cent at the start of 1994 and

was only a little lower than 40

per cent through most of 1995.

tor. Hewlet-Packard has reason

to worry. Its share fell from 67

per cent in 1994 to 46 per cent

in 1995, while Canon's rose

from 22 per cent to 35 per cent

and Epson's from 5 per cent to

continue to push prices down,

but not much further. They are

already close to the cost of pro-

dustion and margins are very

at around 25,000-26,000 are still

too expensive for all but a

niche market. However, HP

launched new models in March

with lower prices for consum-

Hewlett-Packard's Darren

Wall says the high cost of own-

ership, due to the prices of drums and toners, has held

back the colour laser market

more than the purchase price

our input as well as colour out-

put, for example, for production of newsletters. The boom

in the SoHo sector has also

caused a rise in sales of scan-

printer market will have

grown 43 per cent between 1995

and 1996, that notebook PC sales will continue to grow at a

double-digit rate until 1998,

and that notebook PC ship-

ments will account for 25 per

cent of all PC shipments by

started to sell scanners along-

side printers, though many

buyers will require more train-

ing to use scanners than to use

printers. As desktop scanner

prices have fallen to around £450, this market sector also

looks set for considerable

Computer superstores have

that year.

HP estimates that mobile-

Many Solio users want col-

of the machines themselves.

nueszed. Colour lasers

Intense competition may

10 per cent.

But in the colour inkiet sec-

larger companies.

Mono-only inkjets may cost as little as £200. But when colour is offered for only a small extra cost. fewer users see any reason to restrict themselves to one colour.

The majority are willing the pay a bit more for colour, even if they cannot think of an immediate use for it," says Robert Clark, senior product manager for Epson.

Inkjet colour quality has improved rapidly. Two years ago the technology was generally regarded as not good enough for anything more than headlines or spot colour.

Today, with current models offering 360 dats per inch or 720 dats per inch, it is widely used for business graphics and

Buyers are willing to pay more for colour printers

even photographic image reproduction. Once colour is available. plenty of uses soon become apparent, from birthday cards to advertising and direct mail

As users upgrade their personal computers, they will discover more uses for colour. such as printing from their CD Rom drives.

Many large companies still prefer laser printing for superior sharpness and durability as well as for faster printing, which is important when printers are shared. Moreover, laser printer prices are relatively stable - so it is to the so-called SoHo, (Small Office, Home Office) sector which tends to prefer colour inkjets that printer vendors are looking to

increase sales. For Hewlett-Packard, long the industry leader in both inkjet and laser sectors, the changes are a mixed blessing. Whereas it could rely on the loyalty of customers in large companies, smaller businesses and home users do not have the same loyalty.

Many have no strong prefer-

M. Colour printers

Key issues for home printer buyers

Inkjet printers, costing \$300 or less, produce colour output for less than a tenth of the cost of the cheepest colour laser printers and, in many cases, the results are more than adequate for small business and home use. Only those who need to produce pre-printing colour proofs are likely to need the kind of sharpness and detail that are provided by laser col-our printers, writes Geoffrey ekoright. The reasons for a growing

interest in colour printing are not only limited to better quality and lower prices. Software, particularly packages produced for use with the Apple Macintosh and Microsoft Windows 95 operating systems, offers improved support for colour output - and easier ways of adding colour to computer-created documents. In addition, the increasing popularity of the World Wide Web service of the Internet global computer network has also caused many users to want to be able to

print out the results of their web-surfing in 'living colour'. There are a number of issues consider for prospective printer buyers: first, find out whether the printer includes a separate cartridge for black ink. If it does not, the print will have to mix colours from the colour cartridge in order to

form the colour black. Not only does this approach fail to give you as deep a black as a dedicated black cartridge, but it also wastes a lot more ink. While dual-cartridge colour printers may cost a little more up-front, buyers will save money in the long term.

Another key consideration is the quality of print: make sure that you see output from plain paper before choosing a colour printer. Many will produce great results on the special glossy paper often used for sample copies, but they yield faded and washed-out results on plain printer paper.

Users should think about why they want colour. If users are only going to use it once in a while - but will need to do lots of black ink printing they may save money by sacrificing the colour facility and going with a low-end laser printer. This will be cheaper to operate over the longer term, particularly for high volumes of printing.

Lots of companies want your colour printer business. HP, for example, announced printers last year that reflected a desire to mop up even more market share than it already has in the inkiet and laser printer markets. First of the new models were a couple of low-cost home printers - the HP DeskJet 600 and 600C printers for PCs and the HP DeskWriter 600 printer for Macintosh

The idea was that these printers would appeals to those who did not mind spending around \$300 to get something that would let them cheaply create school reports, greeting carrie and other family projects - and do so in either black and

The HP DeskJet 340 mobile printer typically sells for around \$300. This machine includes support for an optional \$29 add-on (which just clips onto the printers parallel port) that HP is going to be promoting heavily on all its printers, notebook computers and handheld systems.

E Document management — By Michael Dempsey

Speeding up the workflow

Many large companies have yet to apply the technology, says new report

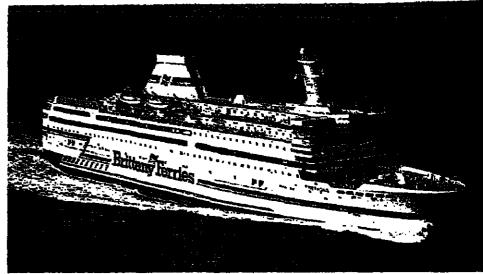
ocument management technology has become accepted across a large part of the financial sector Organisations that previously needed hundreds of staff to keep track of mortgage papers or insurance proposals have turned to a combination of scanning technology and optical disk storage to cut staff costs and improve speed of response. But document management systems usually come complete with a methodology called workflow, some hefty pieces of computer hardware and costs to match.

Research by the UK Document Management Suppliers Group, a vendors' association, claims that 100,000 UK compa nies could benefit from the technology, but only 10,000 have installed it.

While this low market pene tration promises future sales to system suppliers, it also reveals a high level of suspicion. Lack of quantifiable financial benefits within the project lifespan emerges as the single largest objection to document management schemes. With annual capital costs averaging £30,000 to £100,000, the sums involved over several years are significant for smaller companies.

Happier customers Brittany Ferries is a signifi-

cant operator in the crosschannel car, passenger and freight market. The Frenchowned company operates eight ferries in a flercely competitive arena. The opening of the



Swift response: In the fiercely competitive business of cross-Channel services, Brittany Ferries is taking the ner services by using a desktop document my

Channel Tunnel has intensified pressure on every player. Customer satisfaction is a serious matter. At its Plymouth headquarters, Brittany employs seven staff to deal with a large amount of correspondence. Not all of these letters are critical. and passengers do write to praise the service on some routes. But Brittany is determined to see that every comment gets fair attention.

Caroline Barlow, customer services manager at Brittany, was used to a paper-filing system that required extensive off-site storage to hold correspondence. Brittany still hires storage space, but since July 1995 that has been a diminishing requirement. Brittany spent £40,000 installing a document imaging and workflow system that is tied in to telephone call-logging. When a correspondent calls in, Ms Barlow can summon up the relevant

file while talking to the cus-

tomer -"it comes across as more professional. If a client calls me now, I don't have to leave my desk; there's no more going away and then having to call that person back".

This may sound like a small benefit, but for a consumer-oriented business it counts for a Brittany bought its imaging and document management

facility, called ImageNow, from Hull-based Commercial Computer Applications Technology. ImageNow boasts the ability to integrate with most other scanning and storage products.

Brittany's customer services staff are running it on the same Digital PCs they used before document management was introduced. For any organisation that does not want to invest a six-figure sum, it is essential to shoehorn document management into the existing commercial applica-

A big budget approach

Velo, owned by Dresdner Bank, is an example of the big budget approach to desktop document management. Founded in the UK in 1988. Velo manages company cars and now has 50,000 vehicles on its books with clients including Woolworth, British Gas and bankers Kleinwort Benson.

Mr David Voss, managing director of Velo, describes the problem faced by his insurance unit: "Insurance activity. claims and repairs, generates a surprising amount of paper. A typical file can contain up to 50 bits of paper," he says.

Velo began operations as a paper-based organisation only to find the paper mountain growing disproportionately as clients came on board.

Continued on next page

E Notebook computers and add-on facilities - By Geoffrey Wheelwright

Portables rival desktop PCs

Notebook add-on facilities offer useful expansion options - but they can be expensive

s the desktop personal computer dead? Although this may seem a preposterous claim, a growing band of portable computer manufacturers are claiming that there is nothing a desktop system can do that their laptop or notebook PCs cannot equal.

They claim that with the vast capacity of their storage devices, the increased quality of their streens and the amount of memory they can offer, even the smallest notebook computers can keep pace with the power of desktop systems. And with the advent Thin Film Transfer (TFT) flat-screen display technology, these systems can also provide colour VGA-compatible displays that are easily as good as many conventional CRT

The real sticking point in designing portable systems which offer desktop power, however, has traditionally been in providing the same kinds of expansion options. Notebook computers have achieved their small size at the expense of eliminating either IBM XT or AT-compatible

expansion slots from the Until the early 1990s, most portable makers suggested that to all the facilities you would as the vast majority of laptop systems included facilities for an internal modern, two serial board connector and internal RAM sockets for expansion to 32Mb or more, users really did not need expansion slots,

But that argument did not hold when users wanted to connect the personal computer to a local area networks (Lan) - or add capabilities to allow it it use a CD-Rom drive or playback sound files and movie clips. Two strategies have evolved for dealing with this problem: the docking station and the credit card-sized PC Card (also known as PCMCIA card).

First solution

The docking station was the computer industry's first answer to the problem of notebook computer expansion. Typically, it was a device that you added onto the back of your notebook computer (or a housing into which you inserted the computer) which provided the ability to house industry-standard expansion cards, an extra floppy disk drive, an extra hard disk, tape backup drive or a CD-ROM drive.

These docking stations allowed people to use their computers on the road and, when they came back to the office, plug into a single device and immediately have access

typically expect in a desktop system, But because docking stations generally had to be mind, they never really achieved great economies of scale - and still today require that you pay a consideration premium over the price of the basic notebook computer in

order to achieve this route the expansion. This was one of the main reasons that manufacturers subsequently united in the design of what is now known as the standard PC Card - and why most leading makes of modern notebook computers can accomodate two PC Cards.

The PC Card standard was developed by the Personal Computer Memory Card International Association (PCMCIA). The PCMCIA expansion slot is basically a 68pin tiny replica of the AT expansion bus used in most desktop computers.

PCMCIA was formed in 1989 as a non-profit trade association aimed at establishing a worldwide memory card stan dard for the PC industry. The standard defines the size, pin assignments, electrical requirements, protocols and file formats of credit card-sized PCMCIA add-on cards. More than 130 manufacturers, semiconductor companies, software suppliers and systems integrators have joined the PCMCIA since its establishment.

is impressive. Leading names on the group's executive membership list include Fujitsu, ports, one parallel port, an designed with only a single Intel, IBM, Microsoft, Mitsubiexternal video socket, key- make or model of computer in shi, Phoenix Technologies, Polariod, Sharp, Texas Instruments, Toshiba and Zenith.

Other well-known associate and affiliate members include AMD, AST, Apple, Award, Citizen, Compaq, Connor Peripherals. Dell. Epson. Haves Microcomputer Products, HP. Maxell, Micron Technology, Mitac, Motorola, National Semiconductor and Samsung. Although having names such as Microsoft, IBM and Intel on the member's list is important, it is the breadth of support the group appears to enjoy across the industry which are making it succeed where similar previ-

Ouestions

There is, however, a psychological issue that gives docking stations an edge over PC Cards for some users - particularly in corporations. Companies question the wisdom of paying several hundred dollars (typically between \$100 and \$500) for add-ons that bring capabilities to handheld computers that they can get much more cheaply in desktop systems. In addition, users do not like the idea of buying expensive addons so small they can easily be lost through a hole in a suit jacket - or even left on the bus by accident.

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I Groupware products - By Joia Shillingford

Wider opportunities for collaborative computing

The Internet is likely to change the way that co-operative computing is carried out

The distinction between groupware and other products is becoming blurred. First. because products not normally thought of as groupware are now including groupware features. And second, because groupware products are straying into other areas. Another big change is that the Internet is making co-operative comput-

Roger Whitehead, director of Office Futures and editor of the Groupware newsletter, defines groupware as "software or a system that helps people collaborate"

Mr Whitehead says products such as Dun & Bradstreet's SmartStream finance and persound system for large companies, have good groupware huilt in. So, too, are computeraided software engineering packages, which often allow

Meanwhile, groupware products are broadening in scope. An add-on videoconferencing product is available for Lotus Notes, the text-conferencing product owned by IBM.

ing place among workflow products - a type of groupware designed to control the flow of work in a team. Traditionally, a supervisor could adapt the workflow software to change the flow of work between a group of users. But using ICL Teamware Flow, the group doing the work can define the

This gives more flexibility and has the added benefit of creating a corporate memory. Next time, the same team (or another) needs to carry out similar work, the company can look back at how the project was organised last time. It can look at what information was involved, where it flowed, and

what kind of output resulted. This is a much richer source of corporate memory than just a copy of the finished document. Moreover, sub-processes can be altered by a regional team without affecting a cen-

tral business process.
The addition of new features to groupware products means that suppliers can enter new markets and users need to buy fewer products.

"Lotus Notes is the king of the groupware market. according to Mr Whitehead. "But Microsoft Exchange, a rival product, should be out around end-March this year." He says the main difference between the two products is

A day at the hear

Europe's software ind

10.00 Your official welcome to Scotland!

10.45 A brief summary of financial support

11.15 Depart for Forth Valley Software Centre.

Allan McCabe, Finance Manager, LiS.

5.15 Depart for Glasgow 600 Arrive at Cray Systems

Debrief at LiS HQ

09.30 Arrive at Locate in Scotland's HQ, Glasgove

Here you'll be met by Calette Murphy, your Locate in Sec

An overview of the Scottish software sector by John McCrossan, Head of Scottish Enterprise's Software Group.

and training assistance for software companies in Scotland, by

12.00 Arrive at Forth Valley Software Centre, at Stirling. Lunch with Fulsin Roberts, Chief Executive of Furthright Innov Tour of croter and informal meeting with senior personnel of Zeda. 13.15 Depart for Livingston Software Innovation Centre. Arrive at Livingston Software Innovation Centre. seveling with Paul Lewis of Invest in Linhian. A tour of the software village

and informal meeting with senior personnel from Jabra.

Depart for return journey home.

s: 8500 666 123 or fax: 0171-839 2975

with some e-mail, whereas Microsoft Exchange is e-mail with some groupware, see

The Internet, the global e-mail and information network, is likely to change the way that collaborative computing is carried out. "At the moment, the World Wide Web (WWW) area of the Internet is seen as an information distribution system," says Mr Whitehead. "But over the next few months it will become clear that it is really a distributed computing system."

Bulletin boards

Digital Equipment sells bulletin board software called WebForum that can be installed on a Web server (computer) and used to create, say, a customer focus group for a company's products. Or if Web technology is being used to link different in-house systems.
WebForum could be used to create bulletin boards for staff.

It is also possible to do videoconferencing over the Net, provided that both parties have suitable software and a tiny video camera attached to their PC. (See pages 12-13). US-based White Pine Software sells videoconferencing software called CU-SeeMe, developed at Cornell University.

Telephony can be provided

like RealAudio, Vocaltec or Netmanage's audioconferencing module which let you make international calls at local rates. But expect a delay of at least a second, and lower

speech quality. Dan Geisler, vice president international marketing at Netmanage. believes telephony over the Net comes into its own for business users when they want to look at a piece of work on one of their screens tusing Whiteboarding software) and discuss it at the same time.

"We're also starting to see groupware on the Web, and though no-one has got workflow over the Web. that will come," says Mr Whitehead.

Microsoft, Lotus, IBM, Novell and others are starting to incorporate some of the capabilities of the World Wide Web into their products. And to think about how developments, such as Sun's Java program-ming language for the Internet which enables users to download small task-specific applications - affect them.

analysts predicted

soft edges closer to the formal

launch of its Exchange server software, the so-called "killer"

While Microsoft Exchange

program faces a new market By next year, if not sooner, the World Wide Web will challenge from the giant Interbecome part of the arrangement for computing in general, says Mr Whitehead. So compaand Lotus Notes were originally designed to run on prinies need to look at how what vate netoworks, companies are is happening will affect their plans for collaborative computincreasingly adopting the standards and software of the Inter-

If you're

in software,

here's a

program you

shouldn't



■ Groupware battleground - By Louise Kehöe in San Francisco

'Killer' program wo years ago, Microsoft's "Exchange" pro-gram was heralded as the "Lotus Notes Killer". The faces challenge new Microsoft "groupware" would deliver a body blow to Lotus Development's competing Notes program, industry from the Internet Since then, the battleground has changed. Even as Micro-

Delays in the introduction of a 'production version' of Microsoft Exchange have also weakened the company's efforts to penetrate the groupware market

net's World Wide Web for internal use on so-called "intranets". This trend threatens to undermine the entire market for proprietary group-

In another significant devel-opment since Microsoft began to promote its Exchange software, Lotus Development has been acquired by International Business Machines and is now operating as an IBM subsidiary, making it a potentially more formidable rival.

Long delays in the introduction of a "production version" of Microsoft Exchange have also weakened the company's efforts to penetrate the group-

Microsoft continues, however, to promote Exchange. The program has been deployed by more than 40,000 customers in government, corporations and educational institutions, Microsoft announced last month. This compares to about 4.5m users of Lotus Notes.

Exchange, like Lotus Notes, incorporates electronic mail and built-in groupware to enable workers to schedule meetings, create discussion groups and share documents over a computer network as well as viewing and sharing information stored in public "folders".

ified its original ambitions for Exchange. Today, company officials stress its messaging capabilities, but acknowledge that World Wide Web software provides superior features when it comes to "publishing"

or distributing documents on a computer network. Lotus, similarly, is "repositioning" Notes as a complimentary technology to the Internet which now appears to represent a far more formidable

threat than Microsoft Exchange "Lotus Notes today is part

Microsoft has modified its ambitions for Exchange

Web," said Mike Zisman, Lotus' executive vice presi-

"Our Notes client has a fully integrated Web browser. The Notes server today can be

accessed by Web browsers." In recent public appearances, Bill Gates, Microsoft chairman. has similarly tried to stress the compatibility of Microsoft Exchange with the Internet. In contrast to the fighting talk of Microsoft executives two years

stressing how well Exchange will fit with corporate use of the Internet and intranets internal networks based on Internet standards.

Threatening both Lotus Notes and Microsoft Exchange, as well as Novell's GroupWise program and other groupware competitors, are the latest developments from Netscape and others in the Internet software arena

Netscape is developing soft-ware that will add features to its Internet browser that enhance Internet electronic messaging with tracking and management features.

Netscape Navigator 4.0, code named Dogbert, and scheduled for introduction before the end of this year, will incorporate collaborative and messaging technology from Collabra Software, acquired by Netscape last autumn, Marc Andreessen co-founder and chief technology officer for Netscape. announced at the company's recent developers conference in San Francisco.

Whether Netscape can deliver on these and several other ambitious promises on time is yet to be seen, but the challenge for Microsoft with Exchange is no longer to "kill" Lotus Notes, but instead to carve out a role in a market that has been redefined by the



The internet is likely to change the way that collaborative computing is carried out. As system costs fall, growing number of PC-makers have announced plans to launch models already equipped with a digital camera, microphone, and video-conferencing software – launching a frend that could lead to videoconferencing becoming a standard feature on desktop PCs, perhaps as soon as the end of the dec Pictured here is a desktop system from PictureTeI, leaders in the videoconferencing systems sector. Se pages 12 and 13 for reports on advances in videoc

Spending a day in Scotland will do wonders for your

expansion plans. It's a chance to explore what has made Scotland the home of a £700 million software market.

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Workflow system cuts costs

Continued from previous page:

Two years ago. Mr Voss took a ision to position Velo ahead of rivals. Velo invested £1m in a wide-ranging document-imaging and workflow management system from Wang. Office automation was the business that made the Wang name, but failure to keep pace with the market saw mounting losses and Chapter 11 bankruptcy protec-

Now Wang is out of Chapter 11. back in profit with revenues of \$946m, and concentrating on document management software and systems.

The UK software house, Relational Database, assisted Wang with the Velo project: each business process was allocated to a line of workflow. Velo identified 29 different proesses, such as the activity in its engineering department -"we employ engineers," says Mr Voss, "but not for their key-board skills".

These staff keep a close eye on the progress and cost of repairs to Velo-managed cars. Velo uses 75 approved garages, with a PC at every site, networked into its Buckingham-

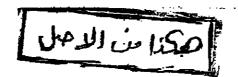
shire head office. Mechanics take a video of the damage in question, then Wang software converts this moving image into stills that are sent down the line to Velo. The company's engineers

can see up to eight different and thus judge whether the garage's estimated bill is appropriate.

Of 85 staff in Velo's insurance operations, 70 have access to the document management system. The film price tag marks a substantial purchase for Velo, but Mr Voss has no trouble justifying it: "For a company of our sort, that's not a small price. But the invest-ment will differentiate us from our competitors."

The precise payback period will depend on how fast Velo grows, but Mr Voss reckons this project will have paid for itself within two years. Productivity, which he says has increased by 25 per cent since the Wang system was installed. is his prime target; "We're looking to get into the next eague without having to hire hordes of people," he says.

Brittany Ferries and Veloci illustrate two ends of the scale in document management projects. But both companies adopted this technology for the same reason. It has given a big boost to the ability of individual employees to deal with the customer. Many companies in service industries will have to follow their example or face losing out to rivals who can



Wolce recognition - By Joia Shillingford

Talking to your PC is not as crazy as it sounds

'In the next millennium, we will find that we are talking as much - or more - with machines than we are with humans'

People already shout at their personal computers, so why not talk to them, too? It's becoming easier and cheaper to do as voice recognition suppliers launch new

There are several reasons why you might talk to your PC. For example:

☐ You cannot touch type. D You would like to dictate straight to your screen. ☐ You want shortcuts for

Windows commands. ☐ You are disabled or have RSI (repetitive strain injury) and cannot use a keyboard

What's available?

Well-known voice-recognition nackages for PCs include Kurzweil Voice, DragonDictate, IBM's VoiceType and Philips' Continuous Speech, Kolvox is also a value-added reseller for a number of voice products.

All the above let you dictate text into Windows-based wordprocessors via a microphone. The main proviso is that users must speak more slowly than usual and leave a pause between each word. Jody de Falbe of value-added reseller Responsive Systems says some suppliers claim their products can operate at 75 words a min-

But in reality it is hard to dictate at more than 60 words a innute without feeling like a machine. Or making mistakes in the composition.

Most voice recognition products can be trained to understand a particular user better.



driving the trend towards speech tion and recount

If you say a word and it isn't recognised, you simply select the correct one from a list of Elternatives (such as a spell-enecker). Or type it in

According to London-based Responsive, systems such as IBM's and Philips' have limited vocabularies (IBM's has 32,000 words) and limited scope for adding new words, (IBM has room for 2,000).

"They are best viewed as niche products, which are very good at replacing a dicta-phone," says Robin Cameron, product development director,

Kurzweil Voice and Dragon-Dictate have larger vocabularies and large active memories. Kurzweil has a vocabulary of 200,000 words, including many specialist medical and business terms.

You can add 30,000 of your own words as with DragonDictate. Kurzweil also has an active vocabulary of 30,000-60,000, depending on how much RAM (random access memory) on your PC. The active vocabulary is the amount of words which can be checked against what you say in real-time.

DragonDictate for Windows has a vocabulary of 120,000 words. It also has a grid feature, which enables user to give instructions as to where they would like the cursor to appear on the screen. It is rather fiddly, but one of the ide alternatives to a computer mouse for people with no

A very user-friendly version of DragonDictate, PowerSecretary is available for the Apple Macintosh from US-based

Articulate Systems. Kuryweil Voice costs 2825 from Responsive (the UK and European distributor) and requires at least a 486-based PC with 16 megabytes of RAM.

Included in the price is a combined sound card and fax/ modem, and a headset microphone. Responsive has also created TalkCommands, a set of plain English commands that can operate the most popular Windows software, such as

Word and Excel. This enables a user to say blue word" in Microsoft Word if he/she wants to highlight a word in blue, rather than click on the Format menu, and select Font, then Colour, then Rive And then remember to switch off Blue afterwards.

Not only is this easier than knowing all the individual commands, it is also faster because cumbersome clicks of the mouse are not required. Another feature allows user to guide the cursor by voice.

User perception Voice "macros" (or short-

cuts) can also be set up within some voice packages to carry out common tasks, such as calling up a standard letter. "There is a lot of confusion about voice recognition," says Jody de Falbe. "People's expec-

tations are either far too high

and they want to be able to talk naturally to their PC. "Alternatively, expectations are far too low and they expect far more errors and a much

slower rate of input." She says it took her about three months to get used to dictating copy to her computer. At first, she was quite disappointed with the speed and found it more difficult to compose verbally. But she stuck with it, because she had repetitive strain injury, RSI - as a full-time journalist - four years ago and can now compose text as quickly as before.

Types of user

Other users of voice recognition software include some of the staff at British Telecom and Glaxo Wellcome, the pharmaceutical company. At Mark & Co., a firm of London-based lawyers, there is wide use of Kurzweil Voice. The staff started using voice recognition at the same time as they computerised office procedures. and feel that voice operation made it easier for them to get to grips with computers.

Speech recognition is also used by barrister Robert McGinty. He says: "When writing long opinions, it is useful to be able to go back and alter or insert sentences many paragraphs back which cannot be done easily with a dictation

At international furniture importers, LavTrad, voice-operated short-cuts save time and enable the company to achieve more with a small staff.

"There is a large untapped market for voice recognition software," according to Mr Cameron. He expects a number of factors to fuel demand in this area. First, the cost of equipping a PC for voice is falling as more and more of the computers sold have large amounts of random access memory, Ram, (for using Windows 95 software), and built-in sound cards. A new version of Kurzweil will work with any standard (SoundBlaster com patible) sound card, as Dragon-

Dictate already does. Second, voice recognition software is steadily improving. For example, Responsive will be selling the Abbott continuous speech recognition engine developed by Cambridge University's engineering department, in the third-quarter of

Both IBM and US-based Inference sell speech-recognition software from Massachu Newman (BBN) built into other applications. For example, at the Voice '95 show, IBM demonstrated an automated pizza-ordering service. Inference will be working with BBN on using speech-recognition in customer service.

Prospects

Whether we like it or not, "in the next millennium we will find that we are talking as much - or more - with machines than we are with humans," predicts Nicholas Negroponte, director of the MIT's Media Lab and author of Being Digital.

He believes that the miniaturisation of computers will drive this trend. Speech production and recognition will be the dominant human-computer interface with small objects...the point is that being small begs for voice".

■ Virus protection - By Michael Dempsey

High level of anxiety over security measures

Adequate IT security against computer viruses and hackers is now regarded as a measure of wider corporate competence

The US National Computer Security Associa-tion estimates that \$2.7bn was lost to computer-virus infection in the US in 1994. The figure for the previous year was \$1.4bn.

Is there a plague of mallcious programmers out to undermine corporate productivity by introducing time-consuming bugs into company networks?

In a recent security survey, the US computer services giant, CSC, polled 286 senior IT executives from large and predominantly US companies. It confirmed a high level of rity threats. Of those polled, 93 per cent were concerned about the adequacy of their corporation's security measures.

The nature of the threat is

manifold: hackers and viruses were common fears, but 77 per cent of survey respondents said they felt threatened by the prospect of negative publicity emanating from a com-puter-related loss. In other words, adequate IT security is now regarded as a measure of wider corporate competence. This should serve to alert European IT managers to the significance of secure data

In the US, security is clearly coming under scrutiny from

main board members. Bill Martorelli of CSC's management consultancy arm, believes there is one reason why security threats are growing exponentially.

The whole IT environment is becoming networked," he says. "The fact is that network connections to the desktop are growing so rapidly that viruses are a persistent haz-

Mr Martorelli does not have a magic prescription for securing systems. Despite its muchpublicised security shortcomings, he praises the Internet but only if it's used in a highly controlled manner He adds: "It's all very well to talk about the internet for communication between busi-

nesses. We believe the real

explosion in Internet-usage is

as an internal communica-

The key to exploiting the Internet is to deploy it within the corporation as a cheap alternative to the family of software programs known as workgroup products, he says. External access to the local Internet can then be guarded

Known generically as "firewall programs", these sit outside the individual desktop site but block the point of

unauthorised access.

by security software that bars

IT LOOKS LIKE WE'RE DEALING WITH AN ENTIRELY NEW TYPE OF COMPUTER VIRUS HERE

entry for anyone beyond the comorate body.

ROJER BEAUE

Software solution

UK-based Reflex Magnetics is a £4.5m company that sells Disknet, a computer security program that scans software as it is loaded on to a desktop PC. Disknet will not allow the system to run a program if it shows signs of unauthorised additions to its code. Disknet prices start at £185 a copy, with the unit cost dropping to around £25 for large sites. Phillip Benge, marketing

director at Reflex, is confident about his product - "no Reflex client has been infected with a virus since installing Disknet". The US Department of Defense lists 2,000 known computer viruses, he says.

During Operation Desert Shield, the deployment of allied forces prior to the Gulf War, 5,000 US military desktop PCs were shut down after a virus was unintentionally introduced to them. This incident prompted the military to address the potential threat from deliberate virus infection by hostile forces. The idea of

the computer virus as military ordnance had moved out of the realm of science fiction and into the teaching of tactics. Two captains at the US Air Force Institute of Technology carried out detailed research into the validity of anti-virus software, published under the ominous title A False Sense Of Security.

USAF captains Pedrone and Ziese maintain that it is difficult for anti-virus products to keep up with the proliferation of new virus programs. Some accepted methods for assessing the effectiveness of virus blocking systems are seriously

Pedrone and Ziese say that. in some cases, products labelled as 95 per cent effective are only 60 per cent effective, leading to a misplaced sense of security by making blanket effectiveness claims in the absence of scientific data to support the claim".

Pedrone and Ziese come down in favour of a quarantine approach that keeps potentially infected programs at bay while subjecting them to a battery of checks.

The multiple security shield approach adopted by Reflex Magnetics' Disknet is recommended by the US duo as a method of excluding viruses. courtesy of its system man-

ager approach, sitting on top of a local network of PCs and supervising a number of security utilities. Disknet, they say, is "the security system enforcer, freeing network managers from the worry about whether their anti-virus solution is being used consistently and correctly".

The USAF is secretive about data security measures, but with this kind of endorsement from its own investigators it is a fair assumption that it is now using Disknet in order to prevent a repeat of the Desert Shield incident

The virus crisis is urgent Both Microsoft and Lotus have inadvertently shipped viruses inside package products. The Microsoft Windows 95 Compatibility to V4.0 CD and its Office 95 Business Guide contained a bug known as the Winword Concept Virus. Lotus has shipped the Green Stripe Vīrus on its Ami Pro V3.0 Doc

The USAF study makes plain that it is no use throwing security products at corporate users and expecting them to implement a rigorous regime of file-checking. Putting software in place that manages this activity is one way to override the natural human tendency to become lax on security.

■ Software operating systems - By Philip Manchester

An endless tug-of-war on the desktop

While Microsoft might have won the first big battle in this arena, the shift to Internet-based systems - both for global communications and for internal 'Intranet' systems - could prove to be the biggest threat to the software company's dominance on the desktop

lett Packard (HP). "There is

still a bastion of Unix desktops

in financial trading and sor

alised," says Mr Mark Osi

sys in the Netherlands.

market testing."

Unix in the CAD market.

their products across,"

aimed at a more specialist role

as a 'server' operating envi-

ronment. But its greater maturity has also given Windows NT a role on the desktop -

especially as take-up of Win-

dows 95 has not yet lived up to

Microsoft's initial expecta-

"While everyone wants to

move to Windows 95, the shift

has been slower than Micro-

soft anticipated. It requires a

large investment in new hard-

were and a lot of companies

are seeing a move to Windows

95 going hand-in-hand with a hardware upgrade - and it

takes them longer to justify

the expenditure," says Mr

The emergence of Windows

NT is not, however, based on

its success on the desiston. It

was originally brought to the

market to give Microsoft an

Osset of Unisys.

dows."

t might seem that the longrunning battle for control Lof the desktop operating system market is over. After a sustained effort from big industry players - IBM with its OS/2 operating system and AT&T/Novell with Unix -

Microsoft has, apparently, emerged as the dominant supplier. Versions of its Windows package are now reckoned to be running on as many as 100m desktops world-wide and the number continues to grow daily. But the rapid rise of Inter-

net-based communications tional desktop PC. Talk of lowcost. Internet-based 'network computers' which need no rating system, for example, could mean that Microsoft's victory on the desktop is shortlived. And, as its installed base continues to grow. Microsoft could be in danger of competing with itself by selling two products into the same market.

Dominance in any sector of the computer software market brings significant commercial advantages. Operating system environments like Microsoft's Windows are the heart of the desktop computer. They dic-tate which applications can be used, they control the presentation of data on the screen and manage the tedious 'background' processing. Control



Bill Gates: enloying the fruits of a well-played strategy with Wind r Windows NT applications

opment, therefore, is the key to dominating not only the desktop systems market, but also the applications market and the forward direction of the multi-billion dollar world software industry.

Microsoft currently enjoys the fruits of a well-played strategy to "see everyone else off" the PC desktop. Since it launched Windows 3 in 1989. Microsoft has pushed relentlessly forward with its own da and the success of Windows has put it in an excellent position to dictate the pace of change. It has a technology advantage in knowing how the environment will develop and tercial advantage in being able to gear development of its other products to opportunity to break into the operating system developnterprise computing' market. Microsoft sought to open up a "If you just take the comnew battlefront with Windows mercial desktop, then the bat-NT to gain a footbold in the tle was won by Microsoft some corporate server market. Modtime ago," notes Mr John Saw, ern computer neiworks are a UK technology manager at computer manufacturer Hew-

hybrid of desktop computers or 'clients' - and back-end processing computers called 'serv-

bases, electronic mail and messaging systems, communications 'gateways' and. recently, Internet-based com-

The shift to Internet-based systems - both for global communications and for internal 'intranet' systems – could prove to be the biggest threat to Microsoft's dominance of the desktop. Intranet systems use the simple concept of Internet based communications as the basis for secure internal systems.

Advocates of this approach including big US suppliers

Oracle - argue that most users do not need the power of Windows NT or UNIX on the desk-

The simpler model of a desktop Internet 'browser' program - such as Netscane's Navigator or Sun's Hot Java connected to a powerful server computer certainly has appeal. Indeed. Microsoft itself has belatedly moved into this market with Internet extensions to the Windows operating environment. There is, however, a healthy level of scepticism

over the long-term success of

this approach. Mr Saw of HP is

appeal to current desktop PC

"We made a foray into the market for diskless PCs. Although we were not taking the power away from the desk top, users still believed they needed floppy disks and local hard disk storage. It was not

While Microsoft might have won the first battle for the desktop, the war looks set to run well into the next century.

Prospects for the Intranet: see Paul Taylor's report on page one of this Review



Did she say connector instead of phone? Well, if she's from AMP it's understandable, because we've asked our people to think of anything that provides connectivity, even between people, as connectors.

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Hello, Helsinki: London staff at ICL, the computer company, in a business meeting with colleagues in Helsinki, Finland. ICL's use of wide-band

■ A renewed market - By Paul Taylor

As costs fall, corporate interest rises rapidly

Videoconferencing cuts travel budgets and saves time spent in company meetings

decade, but have traditionally been based around costly proprietary technology and offered only limited benefits. As a result, their use has largely been confined to large multinational companies and niche markets.

Recently, however, agreement on international standards, tumbling prices and the wider availability of high-speed digital telecom links have helped fuel a surge of interest in corporate videoconferencing. Sales, particularly for systems based on desktop personal computers and computer networks, have been growing

The worldwide market for visual communications is estimated to be worth about \$500m a year at present, but Gartner Group, the market research firm, suggests it will grow to around \$7.5bn by the end of 1997. "The market is ramping up very fast," says Steve Gandy of British Telecommunications. Last year, he adds, the market grew by about 60 per

This strong growth reflects a number of key developments. In particular the 'interoperability wars appear to be over. All the main video-conferencing system vendors including PictureTel, Vtcl and Compression Labs now support the International Telecommunications Union's H.320 videoconference ing standard and are moving towards acceptance of the T.120 series of standards for

data-sharing. "Conferencing has finally shaken free of the constraints imposed by proprietary solutions which mean that communications were only possible between products from the same vendor." noted the organisers of a recent conference in London on desktop conferencing and the virtual office.

Along with interoperability has come affordability. The

Tideoconferencing move to standardised systems systems have been has brought economies of around for more than a scale. Prices of top-end studio systems have fallen to around \$30,000 while the cost of entry for plug-in desktop conferencing has broken through the

\$2.000 level. In addition, by providing document-sharing and whiteboarding functions, videoconferencing is addressing the growing business demand for collaborative computing as well as enabling users to see and hear their partners, no matter where they are.

Finally, the telecom bandwidth constraints in local and

Directions

New technology makes personal videoconferencina affordable

wide area networks which, along with interoperability issues, had held back the more widespread adoption of video telephony, are being eased by the growth of ISDN and other high capacity digital links in

Europe and the US. Among the early adopters of video telephony have been law firms, publishers, the health sector and design agencies. Tele-medicine, in particular, is catching on around the world. particularly in the US. where doctors are making remote diagnoses of patients through mainly PC-based videoconferencing networks.

However, many of the big multinationals operating in global markets have been the most enthusiastic advocates of videoconferencing. Among the companies already making widespread use of videoconferencing are SmithKline Beecham which uses its own transatlantic video links to bridge the gap between UK and US head offices, and facilitate its research and development

"Videoconferencing has become a routine communication tool in co-ordinating international R&D activities," says George Poste, the group's R&D chairman. "It is now commonplace for teams at multiple sites to get together to address issues with both speed and efficiency while being spared the physical and emotional iemands of constant travel.

"Modern conferencing allows full graphics and multimedia displays and the emerging use of video links between personal computers promises to further expand applications in day-to-day use." Similarly, Bay Networks, the

internetworking group formed out of the 1994 merger of Synoptics and Wellfleet Communications uses videoconferencing to link its corporate offices.

EDS, the IT professional services group, is also an enthusiastic user of videoconferencing and estimates that the technology saves it \$3m in travel costs in 1994

In the UK, big video telephony users include international Distillers & Vintners. part of Grand Metropolitan, and TSB. A survey involving 200 of the UK's top companies published by Creative Labs in November, showed that nine per cent were already using videoconferencing, 70 per cent said they would evaluate videoconferencing products over the next 12 months and more than half said they plan to implement at least one videoconferencing-based project by 1997. More than half saw the technology as a means to cut travel budgets and time spent in meetings and said they plan to install units across multiple sites, both in the UK and over seas while 12 per cent saw video conferencing as a way to improve internal communica-

However, teleworking emerged as a primary video-conferencing driver, while cooperative working was seen as a more important benefit than face-to-face communications confirming other studies which suggest that, once established, it is the ability to share data on screen which is main advantage of video telephony.

Forecasts

While sales of larger, roombased videoconference systems are thriving, it is personal videoconferencing, based around PCs, which has rekindled interest in the market. Gartner estimates that sales of these personal systems will be 90,000 this year rising to 180,000 next year and 350,000 in

There are two basic approaches to desktop videoconferencing: plug-in cards or software only systems. Plug-in processing power, advocated suppliers such as Picture-Tel, Compression Labs and GPT, has the upper hand at the moment. But Intel argues that the future lies in software-only videoconferencing, such as its low-cost ProShare system (illustrated below) which rely on the growing power of the current generation of micro-

Other new developments include local area network based systems which enable PC-users to make and receive video calls and share and exchange data not only with other users on the same site, but also with any other H.320compliant system using an ISDN gateway. Intel and PictureTel have both developed Lan-



my staff in the UK discuss projects with colleagues Room-based videoconference Virtual workgroups' meet across thou nce system from GPT Communication Systems centres provide the large

incompatible with systems from other manufacturers.

E Larger videoconference and 'rollabout' systems - By Tom Foremski

substantial benefits

When it comes to videoconferencing, nothing beats a permanent room-based

installation set up with microphones, a large screen and special lighting

the first place.

screen images that show subtle

communications clues con-tained in body language, all of

which helps to get a message

across. These systems are also essential when groups of exec-

utives are assembled for a

room-sized videoconferencing

systems quickly realise the

benefits of such systems in

terms of saving on travel costs

and being able to arrange

meetings more quickly," says

David Rowe, managing director of UK based Internet Video-

communications. "If you can

set up a series of meetings

more quickly, then there is a

competitive advantage for the

company in terms of quicker

ing systems are much more

expensive than PC-based video-

conferencing. An installation

can cost about £40,000 (\$61,000)

for the equipment, acoustic

panels, microphones and spe-

cial lighting. But for many

companies, the cost is a worth-

while investment and an

increasingly important part of

Many companies not only

use videoconferencing to com-municate between locations

within their own company but

also with other companies, and

with suppliers and customers.

The widespread adoption of the H.320 communications stan-

dard by all the leading video-

conferencing systems compa-

nies, now means that users of

different systems can talk with

each other without running

Previously, the various ven-

dors tried to establish their

into compatibility problems.

Room-based videoconferenc-

decision-making.

doing business.

"Companies that install

Room-based systems offer

Room-based videoconferencing systems can also connect with PC-based videoconferencing systems, but Mr Rowe points out that the picture quality degrades to the lowest common denominator - "but that is changing as newer videoconferencing systems give users the ability to split a screen between different parties and still maintain high quality images".

Videoconferencing rollabouts are another alternative. These are videoconferencing systems that can be wheeled from room to room. But often, the quality of the image and sound is not as good as permament installa-

An additional key feature of videoconferencing is the shared whiteboard which allows both parties to view information during the meeting and to make contributions that can be recorded and printed out for later review.

ndersen Consulting. which has offices in ∠ Lmany countries, uses videoconferencing to link key executives in an attempt to build a virtual office environment that is not constrained by location or time. Andersen has been a pioneer of videoconferencing and has discovered ways of using it most effectively. "If you have a large group taking part in a videoconference, say, ten to 15 people you must prepare beforehand and have chairpersons at both ends to help direct the meeting," says Keith Burgess,

Andersen. "The risk is that you'll limit spontaneity in the meeting but it's important for the group to be focused."

Mr Burgess points out that for some meetings, face-to-face encounters are still the best choice, "If you have a working group, they need to meet in person several times to establish their relationships and lay the groundwork, then they can use videoconferencing for future meetings."

But no matter how good the videoconferencing systems, Burgess advises companies to look at them holistically, and to decide how they will fit into the company's operations and when and where they should be used. Although PC-based videoconferencing systems are gaining popularity. Mr Burgess believes that the technology is still experimental and that they are more like a "glorified

video telephone." Room-based videoconferencing systems use high speed telecommunications lines such as ISDN lines, to connect with each other. The more ISDN lines used, the better the image quality and the greater the number of frames per second

that can be sent and received. The ideal frame rate is 30 frames per second. Fifteen frames per second is common for low-end systems but this often leads to problems in synchronising lip motion to speech and produces a distracting effect. Although ISDN lines are available in most countries, Mr Rowe points out that they are not always the same.

ace in the second

"There are differences in the ISDN lines of almost every country. The US, for example, uses 56 kilobit modules while the UK uses 64 kilobit modules," he says. "And there are differences between European countries, so it makes it more challenging to hook up videoconferencing networks for companies that want to link offices in different countries. You really need to know what

Although desktop videoconferencing systems are growing in popularity. US market research firm Dataquest predicts that widespread use of desktop videoconferencing will highlight the advantages of room-based systems that allow

Continued on facing page

The ProShare system - By Paul Taylor

Software-only solution

the most dynamic segment of a growing market fuelled in part by the expansion of PC processing power, greater bandwidth to the desktop and busi-ness demand for tools which help co-operative working.

This new market has already attracted the attentions of many of the information technology industry heavyweights, including Intel, the US semiconductor maker, whose aggressive promotion of its low-cost ProShare system is

beloing to define the market. This technology will come free with every PC that is shipped by the end of the decade," predicts Nigel Grier-son, director of marketing for Intel's product group in Europe. Indeed, market analysts such as Dataquest and Gartner are predicting that desktop videoconferencing will grow swiftly every year over

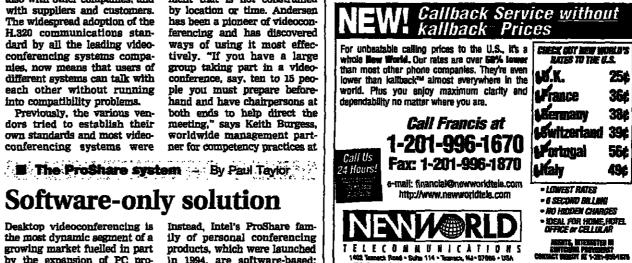
To achieve this, ProShare unlike most other videoconferencing packages, does not require additional hardware in the form of a plug-in card.

Instead, Intel's ProShare family of personal conferencing products, which were launched in 1994, are software-based: Intel admits unashamedly that in pushing a software-only solution it is hoping to boost sales of its high-end micropro-

Lion's share

Intel claims that since Pro-Share's launch, it has won the lion's share of the desktop market with 150,000 users world-wide. Among ProShare blue-chip users are the Swiss Co-Op bank which used Pro-Share to create personal con-ferencing klosks, and BMW, the German auto maker which is using the technology to speed-up and improve the design process with supplier of

"Traditional forms of communication, such as telephone and facsimile, can no longer support the level of co-operation we need to achieve," explains Mr Erns Schindler, responsible for developing PC strategies at BMW.



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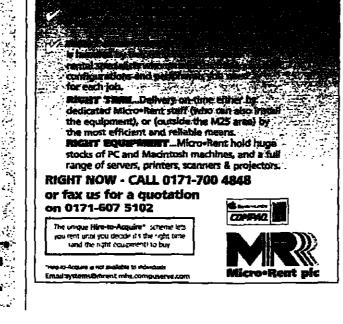


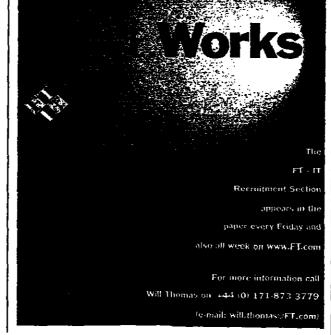
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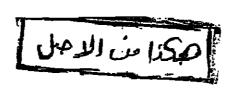


How has your desktop fared so far?

HEWLETT' logomai Praillest Process Lan. HP VEX TRA X (INC.







Wideo technology - By Tom Foremski Race to improve picture quality

Low-cost digital cameras on desktop personal computers will eventually become a standard feature

The development of cheap digital camera technology is one of the reasons that desktop videoconferencing has become so popular and more affordable, but it also needs the support of improved data compres ion technologies and higher bandwidths to improve the quality of videoconferencing.

Digital cameras have become so inexpensive that they will become standard on most desktop and even portable computers. Already, PC users can buy digital cameras such as Connectix's QuickCam for as little as \$100. Add some videoconferencing software and a network connection and it is possible to set up video links with colleagues for under \$200 per

Although the resolution of these small digital cameras is not great, the quality will improve as new chips are developed. The QuickCam, for example, offers a 320 by 240 pixel window and is easily mounted on top of a computer monitor.

The ability of a digital camera to display a clear, high resolution image, is only a small part of the challenge in creating effective videoconferencing. The biggest obstacle to better images is the bandwidth of the communications line: how much data per second it can carry. This determines the overall quality of the video images and this is as true for the low end desktop video systems as it is for the more expensive room-based systems.

If you consider what an ideal image and frame rate would be, the scale of the problem becomes quickly apparent. Using a full-screen image at a good resolution, which would be 640 by 480 pixels, and displaying the image in 24-bit color which allows you to see lution will suffer. millions of colors, and transframes per second which is the ideal rate for natural lip to speech sequencing, would require moving data at more. than 200 megabytes per second.

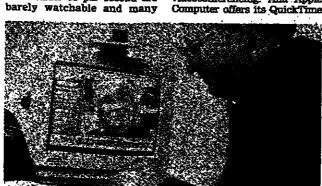
This is a very high bandwidth rate that might be possible on a company's internal network but impossible over the hardware based approach. phone or ISDN lines. An ISDN line, for example, handles data in 64 or 56 kilobit per second rates. Although it is possible to use multiple ISDN lines, clearly the low bandwidth means that sacrifices in picture quality must be made. Even on a company's internal network, trying to videoconference at such a high bandwidth

and bring network performance to a crawl To lower the bandwidth burden, video systems often limit the number of frames per second to 15, which can still provide reasonable, if jerky, videoconferencing. Video frame rates under 15 per second are

would overwhelm the network

The hardware based compres sion adds to the expense of the system but offers better performance and quality. However, as microprocessors

become more powerful, it makes more sense to use software based compression. For example, Intel and Microsoft are working on new technologies that will allow intel microprocessor based PCs to compress and decompress video and audio images at rates as fast as low end hardware based solutions. Microsoft is building the technology into future versions of its Windows 95 operating system which will offer improved support for desktop videoconferencing. And Apple Computer offers its QuickTime



low end desktop videoconferencing systems offer just five to seven frames per second.

Colour information can also be reduced to a more manageable 8 bit colour, which again, reduces the amount of data that has to be carried. And audio information can also be reduced, telephone quality rather than being sampled at higher quality data rates.

Another way to make use of a narrow bandwidth is to compress the data before sending it and then decompress it at the other end. However, compressing and decompressing video and audio data almost always leads to some degradation compared with the original. A general rule of thumb is that the more a video or audio file is compressed, the more its reso-

There are two approaches to approach is to perform the compression and decompression in software, and the other is to use special chips. The software based approach means lower costs stoce software is easier to produce and distribute but its not as fast as

Videoconferencing system which uses software-based QuickTime to compress and decompress video and audio data. So, although hardwarebased compression is faster and better than software compression for now, by the end of this year, software-based compression and decompression will have caught up to the lowend of the hardware-based

But despite the improved ability of general purpose PCs to compress video and audio images using software, there are several companies developing special multimedia co-processor chips that may become standard in future PCs and greatly improve their video and audio functions.

If the chips can be made cheap enough, and PC makers begin to use them as standard may be possible to create good quality desktop videoconferencing over standard telephone lines. When that happens, desktop videoconferencing will become a daily experience for boon for telecommuters.



Launched this year: British Telecom's VS3 Visual Communications system, above, costs £27,000 for a double

Rising demand for desktop systems

Continued from facing page

groups of people to communi-

OGY.

In a market study of 200 large US corporations released last year, Bruce Ryon, senior industry analyst at Dataquest, reports that, "business users are telling us that the true nced for conferencing systems. group-to-group meetings, is served by the best technology available: room and rollabout videoconferencing systems.

have a role to play as multipoint add-ons to group confer-

Mr Ryon points out that the greater availability of desktop videoconferencing products is helping to drive the demand for the larger systems as companies discover the benefits of the technology.

But companies need not have to go to the expense of building their own room-based

Desktop systems, while lacking in quality and capability, do the US and the UK, for example, there are videoconferencing rooms that can be hired by

AT&T's Global Business Video Services, for example, has more than 500 publicly available videoconference rooms across the US and plans to add more. AT&T has linked them with high-speed fibre optic communications lines that can carry high-resolution ■ Statistics and modelling packages — By George Black

managers do not need to be much interested.

tions which affect the core activities of a business. The choice of computer systems to control their operation is therefore by no means a marginal issue for the management.

Statistics and modelling software packages are used for a wide range of purposes, from supporting scientists and engineers in research projects to analysing the results of marketing surveys.

The software has matured over the past decade and the vendors claim that today they are one of the most powerful tools for competitive advantage. There are plenty of users who will bear witness to having derived substantial hence

As businesses move from iso-lated databases to integrated data warehouses, more nowerful tools to search those data warehouses and retrieve and analyse the data are urgently needed. A data warehouse has little value without powerful tools to test out hypotheses and search for unknown patterns in the data.

For many businesses, statistical analysis is one of the most obvious ways to under-stand market trends, to minimise risks and maximise opportunities.

Financial institutions use it to identify the sorts of people to whom it is least likely to be safe to lend money. Others in the same organisations may be using it to forecast sales of products and services. Meanwhile, the personnel department may be using it to study the results of questionnaires on employee satisfaction in order to reduce staff turnover. There are, of course, several other types of software which can be applied to such tasks, including spreadsheets and

the heart of the matter and expose the crucial relationships.
Statistical software may include some important elements that are not in other types of software. Spreadsheets cannot handle multiple regres-

databases. But statistical anal-

ysis may be needed to get to

sion analysis - modelling the relationship between variables without an expert writing a

How the Scottish

up data analysis

Office helps speed

"As a statistician, I need to

make data accessible to non-

statisticians," explains Ms

Catriona McKay from UK gov-

"By using computer software

effectively, we can make more

information more accessible to

users. We can provide them

with analysis more quickly and

respond to follow up questions

The Scottish Office has 20

gigabytes of data about Scot-

land in SAS databases. These

are currently on their main-

frame a local area network

server and local personal com-

puters, although it will soon be

centralised on a Unix server.

Data is only collected annu-

ally, so there is little continu-

ous data and it is hard to get

long time series or meaningful

trends.
"The Scottish Office have

been using the SAS Insight

product for a number of years. It fits statistical distributions

to data very quickly by choosing them from a list,"

explains Miss Mckay. "You can

start with a linear distribution

and then choose more complex

ones. It is also possible to apply a transformation to the

data, such a logarithm or

square root, to convert the

relationship to a straight line,

which users find easier to

rmment's Scottish Office.

Statistics and modelling may sound like specialist subjects in which senior How to make sense But these days they are functions which affect the core

Of the numbers

> For many businesses, statistical analysis is one of the most obvious ways to understand market trends, to minimise risks and maximise opportunities



When it comes to the crunching

macro program, which could take some time.

Olap (Online Analytical Prosing) tools may also be useful for looking at statistics and quickly getting to the root of a question. But they are designed for an overview by general managers, rather than for the sophisticated investigation of data by computer

Marketing is one of the areas in which the use of statistical tools is growing fastest. In the past few years sales and marketing departments have become much more numerate, as pressure increases to justify their expenditure.

Marketing managers need to be able to show that they are advertising in the best places to increase sales, that their products are offered at the best prices to maximise income and profit, that their budget is being targeted at the best pros-

If prospects can be identified as a class, the sales force may directed towards them, while the less-costly telesales operation handles the others. Statistics can also refine

direct marketing, says Paul Lailey, UK managing director of the Canadian software company Angoss, which sells the 'KnowledgeSeeker' statistical

Valuable insights won

interactively eliminate individ-

ual observations or groups of

observations if they are skew-

ing results. This particularly

applies if they are 'outliers',

which are extreme values in

the data, usually caused by

errors. Insight allows the user

to click on the observation and

view all its details. If the error

is just a decimal point in the

wrong place, for instance, it

to try different models and

compare results without

says Miss McKay. "With

Insight it is very easy to create

summary data sets to make it easier to work interactively.

The hard part is selecting the

"From a statistician's point

of view, Insight's data visualis-

ation tools give a better indica-

tion of data distribution. It

gives you an idea of what the

data looks like, especially new data. It also helps to indicate

any 'outliers', which are hard

Insight makes it easier for

statisticians to explain their

data to end-users. The Scottish

Office uses the SAS Graph and

AF tools to create custom

interfaces to the statistical

tools. They find that their

users are getting more sophis-

ticated and are expecting

graphical presentation of sta-

to spot in tables."

Greater clarity

waiting for hard copy output,

"You need interactive tools

can be edited.

Statistics in government - By Rod Newing

"We all become annoyed by direct mail when it is inappropriate, but we are pleased when it is appropriate," he says. "Now software can help companies find out what sort of people are likely to welcome

their direct mail.



Statistical analysis and modelling packages

at work

indicate whether age, sex or location is the most important aspect among prospects. whether they are equally important or whether it is a particular combination which

tistics. They use colours and three-dimensional charts to

present data. They can also

give users the SAS data by

exporting it to other formats,

such as Microsoft Excel and

local government in Scotland

are now taking, so the Scottish

Office has taken data and

linked it to a digital map, "We

were finding it difficult to

understand where in Scotland

physically located, let alone

the data geographically. For

instance, we can compare a map of population distribution

with one of car-ownership. We

can then drill-down from popu-

lation distribution to age and

of analysis tools of any pack-

age ... its data manipulation

tools are good, so it is rela-

tively easy to bring data

together from multiple sources

and put it together to create a

meaningful picture. Insight can handle greater volumes of

data without users being aware

tively with data. You can make

changes on the screen and the

display responds as you work.

of the same data simulta-

neously. However, Insight's

real benefit for statisticians is

that we can do more work, fas-

ter and more innovatively."

We can also get different views

"It allows us to work interac-

"Insight gives us the best set

gender."

"Insight allows us to view

the new authorities are to be

the data," says Miss McKay.

Changes in the structure of

Answers to these questions could reduce the field of prospects and thus the amount of money wasted on misdirected marketing projects.

Another type of software which may be regarded as complementary to statistical and modelling packages is the emerging technology of neural This is a branch of what

used to be called artificial intelligence, until that label fell into disrepute.

Recently there has been a revival of interest in reproducing the workings of the human brain. Systems which attempt to copy human thought patterns to identify key features from confused and incomplete data are called neural networks. Their advocates say that, unlike expert systems, they do not need rules to be specified at the outset and are thus not restricted by the inflexibility of the rule base.

Leading statistical software vendors, such as SAS Institute. have moved into providing neural network applications along with their other prod-

SAS's UK marketing director Glyn Read says that banks are now using its product to save money on direct mail. Police forces are considering it for tracking criminal activity, he

adds.

CACI, the census processor and market analysis consultancy, has long been a user of SAS statistical software and still regards SAS as the market

However, Mr Ben Cooper, principal consultant on database marketing at CACL says that the company has also adopted software from other suppliers for certain functions. CACI has also begun to use neural network systems and is now evaluating the field.

A product of this type which has attracted its attention is 4Thought from the small London company Right Information Systems.

This has recently been licensed by three leading software companies, SPSS, Cognos and Comshare, for inclusion in their product lines.

Right's managing director Richard Hoptroff says that neural network products, such as 4Thought, will operate successfully on much poorer quality data than more conventional statistical tools.

CACI has also begun using programs based on the 'Chaid' statistical algorithm (or identifying what attribute is most likely to identify members of a certain category. (Chaid is a statistical method created in the 1970s and stands for chisquared automatic interaction

Chaid software has become much more popular in the past few years because of the falling cost of symmetrical multiprocessing (SMP) and massively parallel processing (MPP) hardware. Chaid requires a large amount of data to work successfully. Corporate users can now afford to leave Chaid programs to trawl through many gigabytes of data, perhaps over a weekend, in search of relationships which may be significant in their marketing.

CACI uses a Chaid program from SPSS. Other large systems companies have been adding Chaid modules to their product lines.

In future statistical analysis systems, Chaid and neural networks are likely to be integrated more closely to form a single toolset for managing a business. Together they could serve to undernin a company's executive information system (EIS) by testing all the management's assumptions about how their business operates.

Financial applications - By George Black

How a lender can speedily check the risk of fraud

Software sifts through a mass of historical data on fraud incidents to identify key criteria

Financial institutions have long used statistical software to study the risks of giving credit to customers.

Provident Personal Credit. the UK's leading home-collected credit company, has now adopted US statistical software from SPSS to help minimise the risk of fraudulent activity.

Its agents visit more than a million customers around the country every week. This cre-ates a formidable task in analysing and verifying all the

Although loss through fraud has not been a big problem, the company was aware that even a small reduction in fraud could bring about a substantial cost-saving.

The company's principal method of fraud prevention is to visit customers and check that transactions had been properly made. This is an expensive undertaking, even when only carried out on a small sample.

enable the company to direct its vigilance to those agents about whom there was a degree of concern. It would minimise the risk by analysing statistically in circumwere most likely to occur. After a couple of false starts

using knowledge-based systems and neural networks, the company decided to apply the SPSS software which was already used by its marketing

SPSS was harnessed to a mass of historical data on fraud tocidents to identify the key criteria. It worked through a list of 70-80 factors and discarded those which it found to be of little or no significance. The possible factors which

were listed covered both business patterns and the agents' personal data.
With SPSS, the company

was able to build a predictive model which it called the Agent Fraud Detection Package. This has now been running for a year and the company says it is "very pleased" with the operation.

The model determines risk

Continued on next page

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Healthy scepticism spawned the data warehouse industry

Journalist and consultant Bill Inmon could not accept what IBM was saving about relational databases. He developed the concept of a data warehouse to prove the giant computer company wrong - and now everybody wants one. Rod Newing talked to the undisputed 'father of data warehousing' about how the concept helps managers to run their business and be more competitive

BM were "over-hyping relational database technology beyond belief and my healthy scepticism triggered a bitter war of words with Ted Codd and Chris Date, the founders of relational technology, backed by IBM," recalls ing a column in the US magazine Computer World.

"They were arguing against holding history or summarising the data.

'Application programmers were not building systems to provide the information which managers need to run their

This was in 1983 and Mr. immon had recognised that the industry emphasis was on using relational databases for transaction processing, not for providing managers with the information to help them make decisions. He developed the concept of a data warehouse to bring together information from different transaction processing systems and integrate it uses how below) "Integrated information is

A prolific writer

Bill Inmon has a background in programming and database management. He has been a journalist and consultant working for American Management Services. where he was chief architect of the world's first data warehouse, built for Pacific Telephone in 1986. He was also national director of technology for Coopers and Lybrand and then ran his own consultancy company.

He founded Prism Solutions in 1991 to develop software tools to automate the transfer and management of data in a warehouse. Prism will seek a public listing in the near

Mr Inmon has written over 200 articles and 31 books, including Building the Data Warehouse and Using the Data Warehouse. He is currently writing Managing the Data

Continued from previous page:

factors for agents and custom-

ers which are used to direct

activity to those areas with

In practice, the risk factors

associated with frauds discov-

ered in the past year have

been an average eight times

higher than the general popu-

The system has been effec-

tive in reducing the total value

of frauds not only by detecting

fraudulent behaviour earlier

but also by acting as a deter-

Since installation, the sys-tem has identified half of

those cases in which a possible

fraud has been notified. The other half of the cases have

been identified by rbutine

internal controls, such as cor-

Most importantly, says the

company's fraud analyst, Mr

Steve Tipping, the system has

greatly reduced the company's

overall risk of loss from fraud

respondence with customers.

the highest risk.

required for managers to understand important things like customers, products and sales, "explains Mr Inmon. Transactions with a customer could be carried out through several different transaction processing systems. each developed for a different product group or service.

Transaction processing concentrates on being accurate now, so it also loses a wealth of information in history, continues. Examining history allows a business to understand its seasonality. All businesses have seasonality, but some have more than others and it cannot be measured without historical informa-

Mr Inmon points out that human behaviour and consumption has a pattern which is established early in life. People don't make dramatic changes in behaviour, so past behaviour is a good indication of future behaviour".

Determining customer behaviour from their past patterns, hidden in their data, enables organisations to determme detailed marketing initiatives and target their customers more accurately.

"Data warehousing represents a change of paradigm in how we conceive data," Mr inmon explains. "We need a whole new world of historic integrated decision-support processing alongside existing our transaction-processing systems.

One of the main attractions of a data warehouse architecture is the ability to take information from legacy transaction systems and make it available to managers through a wide range of client-server end-user

"Unlike other fashionable trends, such as client-server, data warehousing has a solid intellectual foundation." Mr Inmon believes. "Client-server can mean anything a vendor wants it to mean. Sybase and Sun invented it, but they didn't give it a definition. With a data warehouse, you can go to a single place to go to tell you what a data warehouse is. This will separate it from other buzz words and fads.

The single place he refers to is his book. Building the Dota

works and rule induction tech-

out on Integral Solutions' Cle-



Warehouse. As far as using the data warehouse is concerned. Mr Inmon divides users into "farmers" and "explorers. Farmers are typical managers who access the data mart using an Enterprise Informa-tion System - "they know what they want, they do things in a predictable and repetitive way and they find flakes of

Analysts

Explorers are typified by high-powered analysts, often referred to a "data professionals." They don't know what they are looking for, but they search through massive amounts of data in the main database. A data warehouse provides an ideal platform for data-mining, so they often use one of those specialist tools.

"They usually find nothing," warns Mr Inmon, "but occasionally they find huge amounts of gold." It is this ability to gain new understanding from data which brings competitive advantage to so many organisations.

However, Mr Inmon warns that there may be problems if farmers become explorers. causing managers to spend too much time looking at detailed

data. "When a user first tastes the detailed data, they fall in love with it and attach themselves to it with an umbilical cord. They latch on to it and won't let go. The trick is then to wean them away.

One of the challenges of data warehousing is the massive. and rapidly increasing, volume of historical data, because data warehouses are constantly fed with large amounts of new data each day, without archiving earlier data.

Volumes of data are heading our way the likes of which people haven't seen." Warns Mr. Inmon. "The databases are going to eclipse present volumes, so one hundred gigabytes of data-is nothing. The largest data warehouse in the world is Wallmart's, which is about 4.5 terabytes.

"For the foreseeable future. two to three terabytes will meet most people's needs, but we will have pedabytes of data A pedabyte is 1,000 terabytes

or one million glbabytes or 1.000.000.000 megabytes. When questioned about the ability of database software to cope, Mr Inmon is clear that Oracle and Informix, the clear market leaders in data ware-

house database software with

75-80 per cent of the market, can both handle massive amounts of data. The focus in the market today is what a data ware-

house is and how do you build it. Mr Inmon believes. The next focus of attention is oing to be how to manage it and use it effectively. When these concepts have achieved maturity, he sees it developing and evolving to accommodate new conditions. By then, it will

cleaning up old legacy data, as it is now "If we had orderly integrated transaction processing systems by then, we could build orderly simple neat interfaces into a warehouse. However, I have very little faith in IT organisations building integrated trans-

not be used so much for

Cost savings

He points out that the cost of integrating data is just as significant as the cost of database software and the hardware to run it. Integration of transaction processing systems as they are written would reduce the cost of implementing a data warehouse very significantly and make it available to a wider range of organisations.

Not all claims made by data warehouse component vendors are valid and Mr Inmon has some warnings: "In zeal for vendors to cash-in on data warehousing, everybody claims

m past retailing data, enables companies to target their cu

to do it. "Some database companies have claimed to be able to ontimise one database to do both transaction processing and decision support, but it is fiction and doesn't work. The vendors who made these claims have mostly given up or been taken over."

"The concept of a virtual data warehouse is the snake oil of the 1990s.

Letting PCs access the data in legacy systems direct doesn't address problems of integration, history or summarisation. You have to re-architect systems.

Mr Inmon admits to finding the rate of acceptance of data warehousing "breathtaking and astounding. Users have always understood the advantages of a data warehouse architecture. We started with actuaries and then marketing and sales people picked it up". He adds: "IT departments started with the macho attitude that transaction processing was the only system worthy of their attention. They

didn't recognise the validity of the beginning, but they have done very well out of building decision-support systems His healthy scepticism has

brought a new life to the database market and is helping to transform the way organisations use data.

IBM may have fought him in

¬ The author. Rod Neurino MBA FCA FInstD, is a special-(rnewing a cix.compulink.co.uk).

Data warehousing explained

A data warehouse architecture consists of a separate relational database of integrated detailed historical data, together with summarised information customised into a series of smaller relational or multi-dimensional departmental "data marts".

The information is used by directors, managers and analysts to analyse their business and customers to make key decisions, ranging from strategic changes of direction to micro-marketing to customers. The considerable costs of a data warehouse architecture are justified by the competitive advantage which it can bring if used effectively. Users

access the main data base or

customised departmental data marts using a wide range of tools. These include Enterorise Information Systems (EIS), spreadsheets, data browsers, report writers, query tools, data mining tools, data visualisation tools, desktop mapping tools and many others.

A relational database can be constructed to be extremely efficient at either transaction processing or decision support. However, the structure required for each is diametrically opposed and a database cannot be efficient at both. Using a database optimised

for transaction processing can cause a serious deterioration in its data input performance.

Could software ever become self-repairing?

Software suppliers are beginning to think about an automated approach to

and a career *cul-de-sac.* Nevertheless, conventional wisdom has it that maintenance represents as much as 70 per cent of an information technology (IT) ware, including neural netdenartment's software budget. This means that more than niques. Tests are being carried two-thirds of programming mentine package, which old systems rather than build-

encompasses both approaches. In spite of the negative "Statistical software will

the introduction of the system. As investors have become more concerned about the institutions in the wake of the

one of the leaders in statistical software, with versions running on many types of computer hardware and supported in several languages.

 without increasing operat. for survey research, sales and Mr Tipping's team is now looking again at the possibil-

Financial risks reduced

maintenance as a result of the spread sk any computer programmer about software

ing new ones.

image, the maintenance task has had in the past, changes in the structure of software promise to make it a lot more excit. ing in the next few years. The rise of client-server systems, new approaches to software design - such as object-oriented computing - and the growing use of Internet-based

ommunications all have sig-

continue to be the basis of our strategy, but other types of system may be used as an adjunct," adds Mr Tipping. Sometimes using them all together can be more effective than using one on its own." Provident Personal Credit has made investors aware of

internal security of financial Barings collapse, the use of statistical software for fraud control is likely to become SPSS, based in Chicago, is

Its products are also used

marketing analysis, quality improvement, scientific ity of using other types of softresearch and education.

of global networking nificant implications for software maintenance in the future. Looking well into the maintenance and they pect that software could be will say it is tedious, boring ell-repairing". It is conceiv

able that software errors could be corrected automatically. PC connected to a network could be unaware that an error had occurred, a notification sent to a central database and a program "fix" sent back. All they would experience would be a slight delay while the error was corrected. Internet connection suppliers

such as Pipex, for example, already supply software upgrades automatically when a users signs on to the network This is a step towards making an important area of software maintenance much easier to carry out.

ning to think about an auto-■ Guest column

mated approach to maintenance as a result of the spread of global networking. "With the growth in people using the network, there is an opportunity to download 'fixes' for programs. The idea of an electronic mail directory of all future, there is even the pros- users which can be used to broadcast fixes has some executive director of the Computer Services and Software Association (CSSA).

Mr Lewis admits though that it is still early days for the development of such ideas: The huge bulk of commercial ten in Cobol and maintenance programmers are preoccupied with more pressing problems like what happens in the year 2000 - the Millennium Bomb as we call it."

Mr Robin Bloor, an IT consultant with Bloor Associates accepts that self-repairing softconvinced it will catch on unless it can reduce mainte-nance costs - "it sounds good, but I don't think it will hap-

pen. There would need to be a standard for trapping and handling software errors over the Internet". He sees the key lying in the

switch to object-oriented com-

puting - which breaks software down into components rather than the traditional monolithic systems of the past. you build error-trapping. But it will take time to bring this sort

of quality control for software delivered over the Internet." r Bloor goes on to suggest that fixing

only a relatively small part of maintenance anyway: "People think of maintenance as anything to do with changing software. They confuse systems enhancements and bug-fixing. But in reality the bulk of changes occur because the business changes or because the hardware environment changes. Only about 20 per cent of the perceived maintenance budget is directly involved with correcting errors in the original code." Mr Andrew Bailey, product marketing manager at Oracle UK sees the onus of maintenance shifting from the supplier to the "assembler" of soft-

ware applications. "No one can see with any certainty quite what will happen as a result of software

"Obviously it will be more convenient to deliver software over the network - particularly as it is moving to a component model. This means the onus of software maintenance will switch to whoever is responsible for putting the components together." he says.

He also sees potential for the idea of self-repairing software as a result of the move to object-oriented computing. The concept of objects makes self-repairing code possible - it would be easier to change components. And, in an environment like the Internet where you don't know where software components are being used, some sort of notification process to a central repository

"At the moment I am not sure the software industry is fully conversant with the implications of all of this yet." One area where a combination of component software and Internet communications could make a real difference to maintenance strategies is the concept of the network com-puter - promoted strongly by Oracle and Sun Microsystems.

Unlike current personal computers, network computers do not store their software locally, they "download" it from the network when the users needs

promoting the Java language as the mechanism for building software components which can run on a network computer. This means that each time a user wants to use an application, they can be sure of getting the most up to date

attractions of Java. In theory, all of the maintenance can b carried out centrally on a single server computer and distributed to network computers. This will obviously bring down

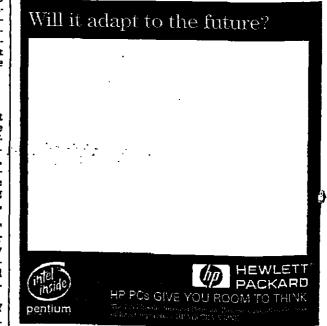
costs," says Mr Bloor. Mr Bailey of Oracle agrees but points out that the application software on the server could still be "assembled" from components from diverse sources.

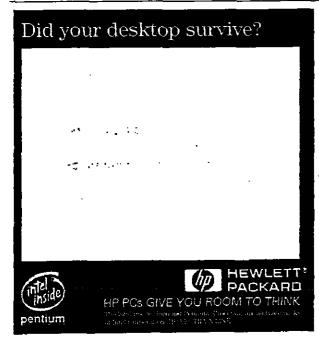
"Distribution is easier - but the server application code is likely to be a combination of components from all over the place. That will still represent a hig maintenance problem and one that is very different to the current model," he observes. While the idea of selfrepairing software might be some way in the future, it is clearly one that will come on to the agenda soon. The fragmentation of software applications is already well advanced

and will gather speed as Internet-based communications spreads. Perhaps when the knotty problem of upgrading software to cope with the new Millennium has been overcome, the software industry will begin to focus its attention on automatic maintenance as a way to

cut the cost of software owner-

1 3 m





Customers are becoming choosier about services

market needs to re-examine some of its core assumptions, says Charles Cox

The IT outsourcing market is ripe for change even though - or perhaps because - outsourcing is now such a familiar idea and the historic benefits are so well understood.

The key to change, however, lies in the behaviour of the buyer. Leading customers are no longer buying a facilities management service as if it were a commodity, and their understanding of how to gain the best value for their business is evolving. Customers are becoming choosier about the form of service they buy, how they buy it and, more importantly, about what they do

Outsourcing is a powerful but partial solution. The key is not so much taking the costbased decision whether to outsource or not - which often consumes a vast amount of management and employee

The IT outsourcing ing a clear-eyed view as to which elements of their business would benefit and would be better supported by an outsourced service and how such

Software suppliers are begin-

seemed an attractive proposition. It promised not only cost savings but performance improvements as non-core parts of the business were

Best practice Running IT systems, after

supply re-structure delivers additional value to their own The transfer and ongoing management of a company's computing facilities, has long

all. was the core business of the outsourcing supplier. and do it more cost-effectively. With experience derived from many other companies'

which suggested that such a company could take on the iob IT systems, the outsourcing supplier could not only draw on the diversity and depth of its own technical expertise but could ensure that the service provided represented industry best practice. Today, though, there is a

sion. The best solution may well be a combination of outsourcing and in-house resourcing. In virtually all cases, at least something will remain Couching the decision in terms of whether it is better to

ing is not a Will we or won't

we? all-or-nothing binary deci-

outsource or not is an oversimplified approach. From the business perspective, where you take something from is not usually the key success factor. What counts is what you take and what you do with it. Ulti-mately, successful outsourcing springs from customers analysing their value-chain and forming a view as to the gearing potential of the IT investment. How and from where that comes is then the next level of

This has clearly moved on from the days when IT outsourcing promised to turn the IT budget, a fixed cost item, albeit one that seemed to spiral ever upwards, into a variable one. A sturdy, solid outsourcing contract promised to remove another management

What happened next.

new recognition that outsourcthough, was that some custon ers in effect froze their business objectives in their invitation to outsourcing tender. In the real world, where business objectives are usually fluid, the IT services contract began to ag behind. As mergers, acquisitions, re-structuring and delayering became normal features of the corporate landscape, the IT services contract struggled to keep up with the

Fresh needs A recent survey by Input

showed that, in the next five years, companies will want different things from their outsourcing supplier. As a result, a set of purely technical capabilities, such as the expertise to migrate from one computing environment to another, decline in relative importance.

Meanwhile, business-led IT skills take their place: for example, the ability to identify improvements to business process and then develop and move to the appropriate IT ser-

in parallel, technology itself

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	RHYS DAVID SURVEYS EDITOR					
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IT Outsourcing — By Nuala Moran From shotgun marriage to love affair

The rampant growth of the outsourcing market is reshaping relationships across the IT industry, forcing arch-rivals to collaborate and turning fierce competitors into top customers

nyone caught up in a love triangle might have some sympathy for traditional IT vendors - companies such as IBM, ICL, Digital, Unisys and Hewlett-Packard when a customer decides to band over the running of a computer system to an outsourcing company.

Having won and run the account on the basis of a one-to-one relationship with the client, there is suddenly a powerful third force involved. As a member of Britain's royal family put it, "there were three of us in the marriage and so it was rather crowded".

But rather than separation. or even divorce, vendors are learning how to live with, and profit from these eternal triangles, according to Richard Col-lins who is responsible tor ICL's local government busi-

ness in the south of England.
"Of course it was traumatic when the local authorities started outsourcing their information technology departments and we had to cope with three-way relationships," he

The surging IT outsourcing market in the UK grew by 37.5 per cent last year, to £1.4bn. But what started as a competitive conflict is now turning into a "win-win situation". Mr Collins says: "We have worked on building relationships with the outsourcing companies and now believe both parties can benefit and continue to deliver a good solution for the cus-

Collaboration has reached the point where ICL has made joint bids with the incumbent outsourcing company for new

It is a shock to suppliers when outsourcing happens, according to Mr Brian Gunn, head of Integris, the outsourcing arm of Bull. But he says the IT industry is becoming "much more mature about out-Fourcing contracts. Relationships change but the outsourcing company is still a potential

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Outsourcing companies cannot afford to be high-handed with the incumbent suppliers -"they need a good relationship with the vendor to be able to get the best out of the system and to keep up to date with developments in the technol-

ogy." says Mr Gunn The spirit of collaboration fostered by the growth of outsourcing has led competitor outsourcing companies to make joint bids for new con-

For example, Capita Managed Services recently combined with the ICL outsourcing arm CFM to win a contract from the London Borough of Hounslow for IT and managed financial services.

Similarly, ITnet and Capita which have separate contracts to provide IT and managed services respectively to the local authority in Croydon, south London, say they must co-operate closely to run a seamless service. This involves holding

'The spirit of co-operation may be forced on outsourcing companies'

regular meetings both together, and with the cus-

Often joint bids are no Ionger made in the traditional form of lead contractor and sub contractor. They require companies that may have competed fiercely for a contract last week and will do so again next, to swop information and make a co-operative bid - "this is forcing competitors to be very open with each other," says Maggle Harvey of Siemens Business Services.

The growth of outsourcing is also promoting new types of relationships between customers and outsourcing companies. For example, the systems company Logica teamed up

Britain's Customs and Excise to help the in-house team win the £100m contract to run the

Customs computer systems. Rather than completely handing over its billing system to an outsourcing company. British Gas has set up a joint venture with Amdahl, called AG Solutions.

AGS, which is 60 per cent owned by Amdahl, is described as a "shared expertise" company. Apart from developing and running the system that bills 18m British Gas customers, AGS will look for business elsewhere in the energy and utilities sectors.

One of the big attractions of outsourcing is that it allows organisations to simplify their relationships with IT suppliers according to John Bateman, chief executive for EDS Europe. "We manage all the existing relationships with the existing vendors," he says. This demands a certain level of what he terms "corporate

Some suppliers have "difficulty in accepting that they must deal with EDS rather than the customer. Others get over it and get on with building a good relationship with us." he adds.

In the past three years there has been increasing acceptance on the part of hardware and software vendors of the position of EDS between them and the customer, and some begin to see it as an advantage. "As a technology company,

we speak the same language, and that makes us easier to sell to." he savs. When, in 1994, EDS won the

contract to run the computers that collect the UK's income tax, it caused some discomfort for ICL: the Inland Revenue system was one of ICL's most prestigious mainframe sites. In effect, the deal meant that EDS became ICL's largest customer. But Mr Bateman says that as a result of the relationship between the two companies, ICL has increased its overall business at the Inland Reve-

The spirit of co-operation may be forced on outsourcing companies by clients who want to hand over their IT but do not want to give it all to one company, according to Sally Tate, managing director of the effort involved in manag-Prince, a systems house in ing a number of contracts. London - "increasingly they are saying, we want you to solution - multiple outsourc-manage our systems and here ing companies, acting as one. are the companies you are going to work with".

This model of enforced co-operation among outsourcing companies to deliver a seamless service has been perfected by BP Exploration. BP did not want to outsource all its IT to single supplier because it believed this would be expensive and inflexible.

But at the same time, the company did not want to slice

Continued from page 14

has undergone some profound

changes, with two trends espe-

cially worthy of note. The first

is the gradual replacement of centralised mainframe systems

with 'open' distributed comput-

ing environments, even if some

observers (such as Joseph De Feo of Barclays Bank in July's

FT-IT Review) remain properly

sceptical about the efficacy of

the open systems movement

and mainframes seem to be

having a resurgence as 'corpo-

might suggest, centralised

computing was always a speci-alised and discrete operation.

Distributed client/server com-

more tightly integrated with

business process and the busi-

ness operation. So, as distrib-

uted computing in all its guises

takes hold, IT is required to be

more the biddable servant of

The second significant tech-

nology change has swept

across the development of busi-

ness applications. In the main-

frame world, this was a very

carefully managed process that

often led to a logiam of application developments, which

eventually forced companies to

crawl when they had hoped to

ing is characterised by pack-

Today's distributed comput-

business process.

puting, in contrast, is much

As the term 'data centre'

rate servers'.

BP came up with the ideal

ing companies, acting as one. After an initial selection process, six companies were invited to a meeting, asked to test each other's strengths and then put together consortia to bid for the contract.

"It was like a business school game, but for real," says David Tate, director of energy, government and utilities at Sema Group, who was one of the participants. The six companies submitted five different propos-

Re-evaluation is crucial

application development – a

broad term that encompasses

user-centric Rapid Application

Development (Rad), object

technology and a host of client/

The key here is rapid proto-

sed on direct feedback from

typing followed by revisions

the users of the applications

Once more, this means that the

requirements of the business

'We should

expect to see

new styles of

arrangements

in outsourcing'

process should be translated

far more quickly into IT ser-

technologies can enable pro-

cess improvements not possi-

with new distributed comput-

ing, re-engineering often leads

to layers of middle manage-

ment being ripped out, never

to be replaced, so that roles

and responsibilities change

too fast to allow business

objectives to be enshrined in

Simply put, the world moves

fundamentally.

Meanwhile, new systems and

before. Simultaneously

contractual

server software tools.

aged software and iterative over-rigid outsourcing con-

Guest column - Charles Cox on outsourcing issues

pany Science Applications International Corporation and Syncordia, part of BT.

For each of BP Exploration's eight main sites, one outsourcing company acts as prime contractor and co-ordinates the trio, giving seamless service without BP having to manage multiple relationships with suppliers.

While this may have overtones of a "shotgun marriage", it has turned into a love affair - "these relationships may take time, but you end-up liking the people you work with."

tracts. Dynamic re-evaluation

must the watchword, and we

should expect to see new styles

of contractual arrangements

between companies and their

Customers still want IT ser-

vices in the form of a service,

rather than having to own it as

a function and an asset or,

increasingly, a liability. Increasingly, though, it makes

more sense to contract for the

new style of computer services

against business objectives.

In short, the outsourcing

market needs to re-examine

some of its core assumptions in

a bid to remain relevant. Fresh

thinking is required with a

new approach to the contractual relationship between the

customer and his business

about taking on and running

existing activity more economi-

cally. That limited role no lon-

ger makes sense. Instead, out-

sourcing is evolving into a new

service that, more and more, is

about understanding the cus-

tomer's value chain and so

focused on the need to re- align

IT to value delivery - value in

terms of the customer's busi-

The writer, Charles Cox, is

group sales and marketing

ness objectives.

director at Hoskams.

Outsourcing is no longer just

partner.

not the mechanics of supply.

outsourcing supplier.



■ News in brief

600,000 visitors attend CeBIT 96 at Hanover

CeBIT, claimed to be the world's biggest IT trade show, recorded a cut in visitors of about 155,000 visitors last mouth - a fact that pleased the organisers who had a wellpublicised plan to attract a

sional buyers, rather than general visitors. Last year the show attracted 755,300 visitors, writes Michael Wiltshire.

high proportion of profes-

This year, admission prices to the seven-day event were raised from DM32 to DM50 for a day ticket. More than 6,000 exhibitors from 60 nations participated at the information and communications event. Nearly 90 per cent of exhibitors have indicated that they will return for CeBIT 97.

A new consumer-orientated show this August - CeBIT Home - is likely to attract large numbers of private visitors from August 28 to Sep-

New products at Comdex UK

More than 20,000 attendees have already registered for Comdex/UK which is being launched at Earl's Court, Loudon from April 23 to 26.

The organisers report that more than 100 important new launches will be unveiled at retain market loyalty."

product enhancements and upgrades. Among the larger exhibitors will be Sony, Philips, Sharp and Psion.

During the event, Rob Wirsczycz, director general of the Computer Software and Services Association will be asking a 'Power Panel' of IT luminaries to give their predictions on key issues facing the indus-

Details on the new Comdex event are available from Chris Corfield or Peter Jump in Lon-

The value of warranty

While manufacturers have learnt how to successfully package and market personal computers to home consumers. the opportunities to service and support these new users have not been pursued, says a new study of the European consumer PC market by the research group, Dataquest.

"Many vendors have launched into the home market without due attention...most, if not all, vendors offer warranty as a product feature and not a choice of service," says the report. "Consumer must bave a choice if PC suppliers are to

sector of rket

多重 感觉

What IT developments are taking place in your industry?



FINANCIAL TIMES Newsletters & Management Reports

You can find out by reading:

 ELECTRONIC DATA INTERCHANGE IN THE **AUTOMOTIVE INDUSTRY**

Managing information flows for greater profitability by Jerrold Donington

Competitive success in the automotive industry hinges on the effient performance of the supply chain. This FT research report reviews the automotive industry's progress in implementing EDI to enhance supply chain visibility and increase profits.

 IMPROVING RETAIL EFFICIENCY THROUGH EDI

Managing the supply chain by Mike Hendry

This report assesses the critical factors and issues retailers wishing to integrate EDI into their business and computer systems must address, such as choosing between competing EDI networks and software packages. Other data communications technologies are compared with EDI and factors influencing EDI's future development are discussed.

• THE IMPACT OF TECHNOLOGY IN THE TRAVEL INDUSTRY

Developments and trends by Irene Viitos Rowe

The travel industry is one of the world's largest consumers of telecommunications services. The Impact of technology in the travel industry, Developments and trends, summarises the key technological developments as they apply to each sector of the international travel industry — hotels, travel agents, airlines, car rental organisations, and travel service providers and the business traveller.

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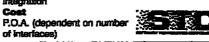
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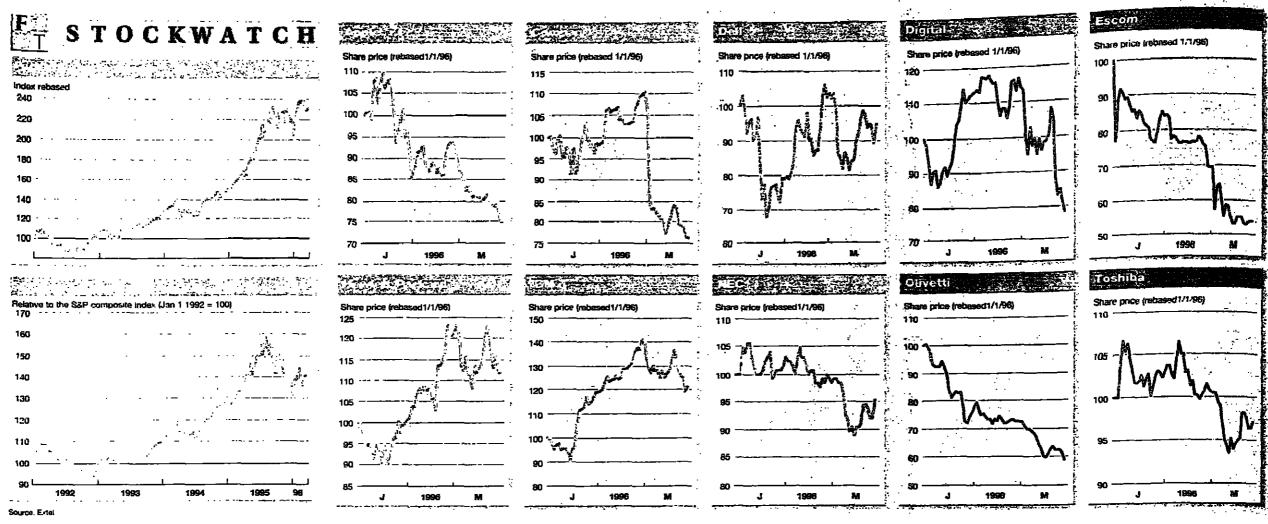
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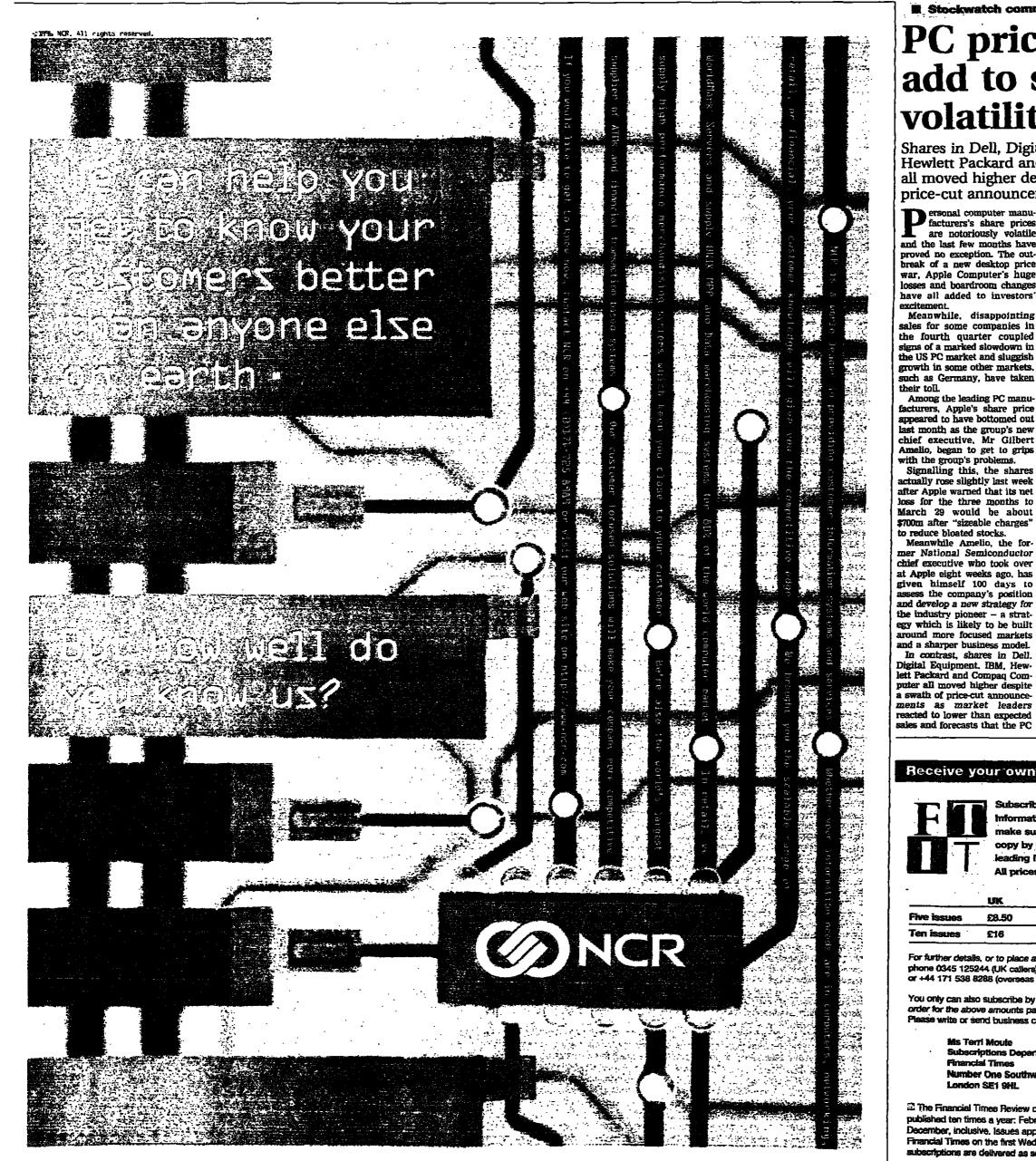
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■ Stockwatch comment

PC price wars add to share volatility

Shares in Dell, Digital Equipment, IBM, Hewlett Packard and Compaq Computer all moved higher despite a swath of price-cut announcements

facturers's share prices are notoriously volatile and the last few months have proved no exception. The outbreak of a new desktop price war, Apple Computer's huge losses and boardroom changes have all added to investors'

Meanwhile, disappointing the fourth quarter coupled signs of a marked slowdown in the US PC market and sluggish growth in some other markets. such as Germany, have taken their toll.

Among the leading PC manufacturers, Apple's share price appeared to have bottomed out last month as the group's new chief executive. Mr Gilbert Amelio, began to get to grips with the group's problems. Signalling this, the shares

actually rose slightly last week after Apple warned that its net loss for the three months to March 29 would be about \$700m after "sizeable charges" to reduce bloated stocks. Meanwhile Amelio, the former National Semiconductor

chief executive who took over

given himself 100 days to sess the company's position and develop a new strategy for the industry pioneer - a strat-egy which is likely to be built around more focused markets and a sharper business model. In contrast, shares in Dell. Digital Equipment, IBM, Hew-lett Packard and Compaq Computer all moved higher despite a swath of price-cut announcements as market leaders

reacted to lower than expected

sales and forecasts that the PC

market will not pick up until the second half.

Shares in Hewlett Packard, in particular, have been buoyant over the past few months reflecting a number of factors including the company's say-cessful push into the desktop PC market where it is one of the fastest market share gain-

Escom losses

In Europe, Escom confirmed its problems with a DM125m full year net loss and then announced last week that Mr Manfred Schmitt, who holds 23 per cent of the equity, was stepping down as chief executive to make way for a former Escom executive - Mr Helmut Jost, who runs IBM's PC business.

Mr Jost was responsible for Escom's sales and marketing until November when he left to join IBM. Escom's share price has fallen sharply over the past three months as details of its problems emerged.

As part of the efforts to bolster its position, Escom's capital was reorganised earlier last month to provide the group with Dm 100m in fresh funds. As part of that deal, Siemens Nixdorf has increased its stake by 2.5 per cent to 12.5 per cent CeBit trade fair that it has also acquired a 10 per cent stake in Vobis, another German 1910

Siemens said the move was part of its strategy to grow its PC operations and cut costs through joint component pur-chasing.

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